

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET/NODIS/XGDS~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Gerald Ford
 President Alfonso Lopez Michelsen of Colombia
 Dr. Henry A. Kissinger, Secretary of State and
 Assistant to the President for National
 Security Affairs
 Lt. General Brent Scowcroft, Deputy Assistant
 to the President for National Security Affairs
 Felipe Lopez, Private Secretary and Son of the
 President

DATE AND TIME: Thursday, September 25, 1975
 11:17 a. m. - 12:17 p. m.

PLACE: The Oval Office
 The White House



The President: It is a real pleasure to meet you and have you here. We have already agreed that we have no problems.

Lopez: We have no problem at all. For example, with your AID we have decided that we don't need your help any more. You can use the funds for needy countries.

The President: We readily appreciate your cooperation. We have had other experiences where countries having no obvious need keep on asking. It gives us trouble with the Congress.

Lopez: We are going to get 40-50 percent more from our coffee exports. Why should we ask for aid?

The President: It is really a fine example and will be helpful.

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CLASSIFIED BY Henry A. Kissinger
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 SCHEDULE OF EXECUTIVE ORDER 11652
 EXEMPTION CATEGORY 5 (b) (1,3)
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 NSC MISSO, 11/20/99, STATE DEPT. GUIDELINES, State Reviews 3/11/04
 BY ML, NARA, DATE 4/3/04

Lopez: On coffee, we could get along with no agreement, but others want to go ahead with an agreement and we will go along. We will let Brazil use second-grade coffee to keep their quota. The same with sugar.

On the trade bill, we are not affected in any way, but we resent the treatment of Venezuela and Ecuador. I know it was not the Executive Branch that wanted this.

The President: We have been working hard to get that changed. I am convinced it was a mistake, because neither country supported the oil embargo. I don't think Congress knew what it was doing.

Kissinger: We are supporting the Green Amendment.

Lopez: I am having lunch with them. Is there anything I can do?

The President: I would tell them how Latin America feels about this. You can do this effectively because you aren't affected. You can also point out that you are giving up aid and not going to blackmail your own coffee prices.

Lopez: I will do that. After all, coffee consumption is declining.

On the drug problem. It is a worldwide problem, but because of our situation, we are the center of traffic. I made a strong statement because the New York Times blamed us.

The President: They blame me for everything else!

Lopez: A small country like us is invaded by people with and without passports, by planes, boats, etc., heavily financed from within the U.S. We don't have the materials to fight back.

The President: How can we help?

Lopez: We could use technology and economic help. We could use helicopters to find where the planes land. We catch them all the time.

Kissinger: We gave \$900,000 for that.



Lopez: It is too little. The tourists spend \$50 million in Colombia. It has just gone up to \$250 million. That is not tourists -- it is bribes, etc.

We have both a Pacific coast and an Atlantic coast which makes it ideal for smugglers. If you could help us to deal with them, we would appreciate it.

The President: We will do everything we can. It is a terrible problem for us and we want to do everything possible. Do you need technical people or money, both, or what?

Kissinger: I asked Brent to look into the possibility of helicopters. We have given them elsewhere.

The President: By all means, we will look into it. Are helicopters the best way?

Lopez: Yes, to locate airfields and boats.

The President: I would suggest you mention this in your meetings with the Congress. If they know you are working so hard to solve it, it will help us to get the money to help.

Lopez: The drug operators are worldwide. You can't deal with the problem by just dealing with it in the U.S.

The President: That is right. We have found that after the decline in drug use, but recently it has been on the rise again and with harder drugs.

Lopez: We can't control marijuana. We try to control traffic in it, but we concentrate on cocaine and heroin.

The President: Drug users account for a high quantity of crime in the U.S. Their demands are insatiable.

Lopez: Now let's discuss Panama -- [to Kissinger] your favorite subject. [Laughter]

Torrijos came to see me a few days ago. [To Kissinger] Do you know him?



Kissinger: I have met him, a year ago.

Lopez: I am sorry to see your Embassy was attacked.

Kissinger: They are making a mistake. We are trying to get it done, but we have to say certain things. And it is terribly emotional in this country and we can't do it until the elections are over. Then we can sign in 1977.

Lopez: Let me be frank. Torrijos says the same thing, that he has to have something to show.

The President: We sent Bunker down there with a new position.

Kissinger: Yes, it was much more forthcoming. We did start with 50 years, though.

Lopez: They don't think so. Let me tell you, it is easier for a small country to negotiate with a big one than with one of equal size. I would rather negotiate with the Soviet Union than Panama.

I asked how they would defend the canal. They said they had thought of that and offered to let the U.S. in in case of aggression.

In the Canal Zone, they want to have full jurisdiction.

Kissinger: That they can get after the transition period. That is not the problem. The problem is about guerrilla action and the borderline between civil disturbance and guerrilla action.

Lopez: It is between action against third parties and action between Panamanians.

Kissinger: Yes. We do have the right to defend the Canal against third parties. We have asked for 50 years, but we can slip that.

Lopez: Do you need fourteen bases?

Kissinger: Look, we can maneuver so we can give up more, but if we have to do it all now and with publicity, the Congress will stop it. We must have time. We sent a different team down there and we found we can give up a lot. We can give up a little at a time so that over the

period they will get what they need. But we need to maneuver. The House just voted again to take away our ability to negotiate.

The President: That is right, and 32 senators sent me a letter against a treaty. They should know that a newly elected President can do a lot that I can't now.

Lopez: They misunderstood. I talked to Torrijos. I told him it is a conflict between the Executive and Congress and throwing stones at the American Embassy is not very helpful. If you could do something without negotiating.

Kissinger: Outside the discussions?

Lopez: Yes. Something you are not going to use.

Kissinger: You think that would help?

Lopez: Very much.

Kissinger: That I think we can do. Defense would go along with some of that. We had been holding it back for the negotiation, but we can do it now.

Lopez: The small things. Torrijos has his own enemies who say he is getting nowhere after a year. If he had something concrete, even small, it would help him.

Kissinger: We will look at it. We had decided against it in the NSC.

The President: Let's look into it.

Kissinger: I haven't looked at the Defense team report, but we can do something.

The President: If it would help them to get over into 1977 when we can settle it, we can do it.

Lopez: I don't want this conversation about the executive-Congressional relations to get out. I won't even mention this to Torrijos.

Kissinger: We can even make progress in negotiations. We just can't conclude them.

Lopez: I want to make clear I am not threatening. I am not the bearer of any threats.

The President: You will be very well received on the Hill. No threats, giving up aid, help on drugs.

Lopez: I don't want to say that without a treaty Panama could be another Vietnam.

Kissinger: If you could tell them, however, the attitude of all of Latin America, so then they understand just what the attitudes are.

The President: I didn't realize until I was preparing for you that Colombia had transit rights.

Lopez: Yes. The treaty of Thomson-Urrutia. We would negotiate with Panama after they got control. They are willing to give the U.S. the right of military intervention, but as allies, not unilaterally. What they don't like is the assertion of the right of intervention in the Canal Zone based on the treaty of 1903.

The President: One of our problems is the Americans who have been there so long. They are very emotional and they have great strength up on the Hill -- I don't know how.

Lopez: Over the next 18 months then, I will try to present the picture of the two of you working together and that things are moving along. Torrijos doesn't always follow my advice, but he listens to me.

The President: We were talking in the Blue Room about inflation. Colombia is doing better than we are, but we both are scared as we look around the world.

Lopez: One way we are doing it is to fight inflation by inflation -- we raise interest rates very high to sop up demand. It is working.

The President: Our big problem is fiscal. We do have interest rates high, but we are running a deficit of \$60-80-90 billion.

Lopez: According to the World Bank, we made the most radical tax reform in the world. More so than Canada. We had a fiscal problem, but we have doubled the interest rates in one year. This is better than issuing more money.

[The meeting ended.]

✓ Pres. / Pres. Lopez, Colombia
HAK, Gen. S.

Thurs, Sept 25, 1975
11:17^{am} - 12:17^{pm}

P. It is a real pleasure to meet you & have you here. We have already agreed, Gen S, that we have no problems.

L We have no ~~problems~~ ~~at~~ all. ~~For~~ For example, ~~with~~ w/ your AID, we have decided that we don't need your help any more & you can use a funds for other countries.

P We really appreciate your coop. We have had other experiences where countries having no other need help or asking. ~~Can~~ we trade w/ (any)

L We are going to get 40-50% more from our coffee & why should we ask for aid.

P It is really a fine example and will be helpful

L On coffee, we could get along w/ an agreement but others want to go ahead of agreement & we will go along. We will let Brazil use 2nd year to export to keep their quota. Some w/ sugar. >

On the trade bill, we not affected in any way, but we resent treatment of Peru & Ecuador. I know it was not error.

P We have been working hard to get that changed. I am convinced it was a mistake, because another country supported & embargo, I don't think my government what it was doing.

L We supporting & Order around.

P I having lunch w/ them. Anything & funds.

P I would tell them we have L.A. problems about this. You can do this effectively because you aren't affected. You can also prevent



and that you give up and not
going to blacken your own coffee ^{pan} ~~pan~~
L don't do that. After all, coffee consumption
is declining.

Over the change problem. It is a world wide problem,
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traffic. I made strong statement because NYT
blamed us. &

P They blame me for everything else.

L A small country like us is invaded by
people w/ & w/o passports, by planes, boats, etc
heavily financed from w/ in US. We don't
have materials to fight back.

P How can we help.

L We could use tech. & even help. We could
use help to find where planes land. We catch
them all the time.

K We give ^{to} us, too

L It's too little. Tourists spend 50 mil in Colombia
It has just gone up to 250 mil. That is not
tourists - it is buses, etc. >

We have both a Pacific & Atlantic coast which
makes it ideal for smugglers. If you could
help us w/ them we would appreciate.

P We will do anything we can. It is a terrible

press for us & we want to do anything possible. Do you
need tech people & money ~~to work~~, or what?
K I would like to look into a possibility of help.

we have given them elsewhere

X P By all means, we will look into it. Are
buses the best way?



L Yes, to locate ourselves & boats.

P I would suggest you mention this to your contacts w/ Cruz. If they know you working so hard to solve it, it will help us to get a money to help.

L The drug operations are world wide, you can't deal w/ it just by just dealing w/ it w/ in the US.

P ^{That's right} we can't do that. We have found that of the a decline in drug use but recently it has become use again + w/ harder drugs.

L We can't control marijuana. We try to control traffic in it, but we concentrate on cocaine + heroin.

P Drug users account for a high percentage of crime in US. Their demands are insatiable.

L How late does Cruz Panama - you provide report (R/K).

Torrijos came to see me a few days ago. Do you know him (R/K). >

R I know that him, a year ago.

L I want to see your Embassy was attacked.

R They making a mistake. We trying to get it done, but we have to say certain things. And I terribly emotional in this work + we can't do it til the time is over. Then we can sign in 77.

L Let me be frank. Torrijos says something that he has to have something to show.

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parties.

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L They don't think so. Let me tell you, it
is easier for a small country to negotiate with a big
one than one of = size. I would rather negotiate
with the US than Panama.

I asked them they would defend Canal. They
said they had that right & offered to let US in
in case of aggression.

So canal zone they want to have full present
jurisdiction.

K That they can get after transition period. That
not a problem. Part is about guerrilla action & c
border but, civil disturbance & guerrilla action.

L It is but action against 3rd parties & but,
Panamanians.

K Yes. We do have right to defend Canal against
3rd parties. We have asked for 50 yrs, but
we can slip that. >

L Do you need 14 bases.

K Look, we can maintain so we can give up
some, but if we have to do it all now
& probably, & they will stay it. We must
have time. We sent def. team down
there & we found we can give up a lot.
We can give up a little at a time & that
over a period they will get what they need. But

we need to maneuver. The House just voted
against to take away our ability to negotiate.



P That is right, + 37 senators want me a letter against a treaty. They should know that a treaty stated P can do a lot that I can't now.

L They understand I think. They just don't know it is explicit about Espino + Congo + throwing stones at Am. ~~Emb~~ Emb is not very helpful. If you could do something w/o negot.

K Outside discussion?

L Yes. Something you are going to use

K You think that would help.

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K That I think we can do. Def. would go along w/ some of that. We had been holding it back for a negot, but we can do it now.

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P Let's look into it.

K I haven't looked at the Def. team report, but we can do something.

P If it would help them to get closer with 77 whom we can settle it, we can do it.

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KP We can even make prog in report, we just can't include them.

L I want to make clear I am not threatening. I note a number of our threats.

P You will be very welcome on the Hill. We threats, giving you aid, help on change.

L I don't want to say that w/o a treaty Panama would be another CIA

K If you could tell them however, that the attitude of all HA is that they understand just what attitudes are

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P One of our fears is a crisis who have been there for long. They are very entrenched & they have great strength - you are Hill. I don't know how.

L Once except it concerns them, I will try to present a picture of a zig-zag working together & that things are moving along. Torrijos doesn't always follow my advice, but he listens to me.

P We were talking in Blue Room about my trip.



Controversial during better than ever, but we both
soured as we look around a world.

L ~~One~~ ^{way we doing it,} ~~thing~~ ^{is} project regulation by explanation -
^{us} that raise interest rate very high to stop up
demand. It is working.

P One big part is fiscal. We do have interest
rate high, but we running a deficit of
60-70-90 bil.

L According to World Bank, we made a most
radical tax reform in a world. More so than
Canada. We had a fiscal part, but we have
doubled interest rate in 1 yr. This is
better than issuing more money.

