

DEPOSITORY
PANAMA GUNRUNNING

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON THE PANAMA CANAL
AND THE
COMMITTEE ON
MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION


ON

**THE INVOLVEMENT OF THE GOVERNMENT OF PANAMA IN THE
PURCHASE AND SHIPMENT OF ARMS DESTINED FOR THE USE
OF REVOLUTIONARIES IN LATIN AMERICA**

—
JUNE 6, 7, AND JULY 10, 1979
—

Serial No. 96-22
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PANAMA GUNRUNNING

WEDNESDAY, JUNE 6, 1979

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
SUBCOMMITTEE ON PANAMA CANAL,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:17 a.m., in room 1334, Longworth House Office Building, Hon. Carroll Hubbard, Jr., chairman of the subcommittee, presiding.

Present: Representatives Hubbard, Biaggi, Anderson, Bowen, Oberstar, Hughes, Bonior, Lowry, McCloskey, Bauman, Davis, Carney, and Evans of the Virgin Islands.

Also present: Representatives Lagomarsino and Hansen.

Staff present: Carl Perian, chief of staff; Larry O'Brien, chief counsel; Penny Perian, administrator; Terry Modglin, professional staff; Jack Sands, minority chief counsel; Kai Midboe, minority counsel; Susan Baffa, press secretary; Jean Fling, secretary to chief of staff; Marty McLaughlin, press assistant; Taddy McAllister, clerk; Molly Dominick, secretary; Michael Smith, staff; and Ken Fendley, staff.

Mr. HUBBARD. The Panama Canal Subcommittee of the Merchant Marine and Fisheries Committee will now come to order.

The chairman has been on the House floor asking the Speaker and the House for unanimous consent that we meet today. Under the 5-minute rule, under which the House is now proceeding, we need unanimous consent permission that we be allowed to meet while the House is proceeding. That permission was granted.

Fellow committee members, distinguished witnesses, and visitors, we are convening these hearings, less than 3 months after the completion of hearings on implementing legislation, to give overview to a set of concerns that have emerged in clearer focus. Consonant with the spirit of collegiality in our committee, we are here at the written request of the Honorable Robert Bauman, ranking minority member of the Panama Canal Subcommittee.

As chairman, I am prepared to let the evidence from important sources speak for itself. Witnesses from the nations affected by the matter at hand have been invited to be heard. Congressional colleagues and officers of the executive branch will also disclose information they have gathered from long and careful investigation.

Now to the issue.

During the past several weeks, there has been exposure of a number of incidents of gun smuggling along the Gulf of Mexico from Texas to Florida. In each episode, the Panamanian Government was involved with the purchase and shipment of arms des-

tinued for the use of revolutionaries in Latin America. At this time, the problem appears to hold principal residence in Nicaragua.

We have learned that in Miami, Fla., an erstwhile consul for Panama is a key factor for this gunrunning. We think it is important to probe and establish the source and extent of financing of this illicit traffic in weaponry.

Of great concern to this committee is the threat such behavior holds to the uninterrupted operation of the canal which is essential to shipping by world transporters. We are committed in every instrument drawn and signed by our respective governments to a course of protecting the canal.

If Panama is, in fact, providing arms to Central American revolutionaries, they are urging upon themselves possible retaliation and upon us, a party to the treaty, they are bringing additional military concern.

We are further concerned about the possible political embarrassment that these alleged incidents of gunrunning hold for us as a party to the new treaties. We were promised by our President, Jimmy Carter, that these treaties would usher in a new era of peace and understanding in Latin America. We cannot tolerate light regard of treaty terms that are so costly to the American people.

Another question that some of my colleagues have raised is what will come of additional revenues that the Panama Canal will produce? Will these funds underwrite the cost of continuing revolution in Latin America?

The 2 days of hearings will deal with these and other issues that have had a late onset before final consideration of implementing legislation. We will hear the evidence of those who have been called to testify to determine the gravity of these problems which, I am told, have been known to responsible people in our Government for some time now.

One important caveat is in order. The subcommittee is aware of the pendency of criminal actions in two Federal Courts arising from the weapons transactions at issue. Those cases will not be tried in these proceedings. On the contrary, I exhort my colleagues to appreciate the sensitivity of these matters and, at the same time, recognize that official witnesses may circumscribe their testimony so as to protect individual rights and the Government's case in chief.

At this time, before I read the statement of the distinguished Chairman of the full Merchant Marine and Fisheries Committee, I would call on Robert Bauman, the ranking minority member of the Panama Canal Subcommittee, for any statement he may wish to make.

Mr. BAUMAN. Thank you, Mr. Chairman.

I want to also thank you for responding to the request made by myself and others to hold this hearing. I think it is totally consistent with the mission of this subcommittee and its role in writing the implementing legislation for the Panama Canal Treaty to consider the problems presented by the events that you have described in your statement and that will be the subject of testimony in the next 2 days. I think that these developments are more than disturbing. They may have direct impact upon the legislation that we

will be considering next week on the floor of the House. The schedule has been changed for that consideration a number of times due to political factors.

We do indeed have to address the question of whether or not these treaties take effect on October 1, but the income that will accrue to the Government of Panama will be added to the subject of these hearings. A great deal of money will be paid to Panama under the treaty terms, and I suspect that we will find evidence in these hearings that already Government involvement on the part of Panama may have diverted funds for this purpose. And that is certainly an issue of great concern and indeed you are quite correct in raising the issue of the U.S. military involvement under the neutrality treaty which is not the subject of implementing legislation but which is self-executing.

The United States acquires a great many obligations to defend the neutrality of the Panama Canal and to insure its continued operation. If indeed the facts that have been reported in the press and the subject of testimony are true, the Government of Panama certainly is inviting retaliation from other governments and could thereby involve the United States in obligations under that neutrality treaty as well as obligations under the treaty which we will be implementing in our legislation.

It is my own view that these hearings will probably produce evidence that officials of the Government of Panama are engaged in violations of the U.N. charter, and most certainly in violation of the charter of the Organization of American States, because they are, in fact, engaged in intervention in the affairs of another nation. They are engaged apparently in supporting gunrunning and in the importation of arms, some examples of which we see in the committee room today.

The central question that we should concentrate upon, in my view, is not the threat to the existence of the Nicaraguan Government, although that is a legitimate concern since it is a properly constituted government, but rather to find in our mission as the Panama Canal Subcommittee what regulations the implementation may require, what further dynamic restrictions may be written into that law, and whether or not the Government of Panama is not already in violation of the treaty that we signed with them in 1977. Those are the questions that I would like to engage in today and tomorrow.

I thank the chairman for his indulgence.

Mr. HUBBARD. Thank you very much, Congressman Bauman.

We will proceed another 5, 6, or 7 minutes before we have to go to the floor for a vote, and then we will come right back and proceed immediately.

Repeating the reason why we are a few minutes late today there was the necessity of having unanimous consent that we meet in fact today while the House is in session under the 5-minute rule.

I would say, as chairman of the subcommittee, that is, as one who has been opposed to the Panama Canal Treaty from the outset, that it is very possible that during these 2 days of hearings, the people of this subcommittee and the full committee and, in fact, perhaps the entire Nation, will realize that it is very possible that those millions of Americans who were very, very much op-

posed to the Panama Canal Treaty were wise in their judgment. Kentuckians, such as those that I represent, who were 90-percent opposed to the Panama Canal Treaties, were told that we were ill-informed and not fully advised. It could be that these millions of Americans who opposed these treaties from the outset may be proved to be correct.

Chairman Murphy is out of the country on official business but let me please read his statement, which is brief, at this time.

This is the statement of the Honorable John Murphy, chairman of the Committee on Merchant Marines and Fisheries.

In recent weeks, there have been a number of incidents of gun smuggling at points on the Gulf of Mexico from Florida to Texas. The object of the smuggling has been to supply the means for the Sandinista Liberation Front, which is seeking the violent overthrow of the duly elected Government of Nicaragua, to accomplish just that. I will repeat that sentence from Chairman Murphy. The object of the smuggling has been to supply the means for the Sandinista Liberation Front, which is seeking the violent overthrow of the duly elected Government of Nicaragua, to accomplish just that. There is no question that the Communist Government of Cuba and its Communist surrogates in Panama and Venezuela are involved in this gun smuggling.

The gravity of this matter is apparent to all. First, it is a threat to the peace and stability of Central America. The United States cannot and should not tolerate the use of armed force to subvert Nicaragua's constitutional processes for electoral change. Violence will only breed further violence and lead to instability and chaos in the Caribbean.

Second, this matter raises a serious question about the future intentions of the Panamanian Government in Central America. Does Panama respect the constitutional processes of its neighbors? Does it endorse the principle of peaceful change?

Until now, the public evidence of gun smuggling to the Sandinista National Liberation Front has been scattered—media reports and the like. There have been random indictments of Panamanian nationals by the Federal Government. And there have been, of necessity, only fragmentary news stories. The purpose of this hearing today and tomorrow is to collect all the evidence so that it may be intelligently assessed by the Members of Congress, who are now involved in enacting legislation to implement the Panama Canal treaties, and by the press, which is charged with informing the American public, and, ultimately, by the public itself.

The purpose of this hearing is neither to delay nor to derail the Panama Canal Treaty implementing legislation. And I will repeat that. The purpose of this hearing is neither to delay nor to derail the Panama Canal Treaty implementing legislation. I remain committed to the concept that the Congress must now enact legislation that will honor our Nation's execution of the Panama Canal Treaty, insure the efficient and neutral management of the canal in the years ahead, insure the future protection of the canal, and deal fairly with the many Americans who have devoted their careers to the operation of the canal or the management of the Canal Zone.

H.R. 111 was carefully designed to honor my commitment to implementing legislation and to achieve a proper degree of balance in meeting the various concerns of our Nation raised by the Panama Canal Treaty. The evidence that this hearing will bring out may require some modification of H.R. 111. But I think the basic principles behind this bill still remain sound. It is my urgent hope that after the Members of Congress have had a chance to study and assess today's evidence, they will turn back to the vital task of enacting legislation to implement the Panama Canal Treaty.

And in view of what the evidence will show during these hearings, I would hope that the President of the United States would let our treaty partner, the Government of Panama, know that this Nation will not permit their continued participation in fomenting revolution in Latin America.

There is more to come and more to be said, but we will break at this point, and Brandon Grove, Deputy Assistant Secretary for Inter-American Affairs, Department of State, will not be testifying today, but we will be hearing instead from Mr. Brian Atwood. Mr. Brian Atwood is Deputy Assistant Secretary for Congressional Affairs, Department of State, and Mr. William B. Robinson, Director, Office of Munitions Control, also from the Department of State.

Mr. Atwood, we will hear from you, and then Mr. Robinson and then perhaps Mr. Bryant.

STATEMENT OF J. BRIAN ATWOOD, DEPUTY ASSISTANT SECRETARY FOR INTER-AMERICAN AFFAIRS, DEPARTMENT OF STATE, ACCOMPANIED BY WILLIAM B. ROBINSON, DIRECTOR, OFFICE OF MUNITIONS CONTROL, DEPARTMENT OF STATE, AND CLYDE G. BRYANT, JR., CHIEF, SUPPORT SERVICES DIVISION, OFFICE OF MUNITIONS CONTROL, DEPARTMENT OF STATE

Mr. ATWOOD. Mr. Chairman, I have a prepared statement. Mr. Robinson and Mr. Bryant are here to respond to questions.

Mr. HUBBARD. What is Mr. Bryant's first name?

Mr. ATWOOD. Clyde.

Mr. HUBBARD. We will try to return in about 10 minutes or less. The subcommittee will now stand in recess.

[Short recess.]

Mr. HUBBARD. Having been interrupted by the rollcall vote, we now resume this hearing by calling on Mr. Brian Atwood, Deputy Assistant Secretary for Congressional Relations.

Mr. Atwood?

Mr. ATWOOD. Thank you very much, Mr. Chairman. I appreciate the opportunity to present a very brief statement on behalf of the administration.

I cannot resist a comment that if this were a court of law, I might have to challenge one or two of the judges. It seems that many of you have made up your minds. I think you will find over the next few days that these issues are very, very complicated, and that conclusions are difficult to arrive at.

First, we in the administration are deeply concerned about the situation in Nicaragua. Indeed, we are confronted with a very dangerous situation in the entire Central American region. As you

know, the United States has good relations with a large number of countries in Latin America. The policies of these countries on the Nicaragua situation vary considerably. In fact, many of our close friends, many of the democracies in that area, agree with Panama in its policy toward Nicaragua.

But let me address some of the points made by you, Mr. Chairman, and Mr. Bauman, earlier, by emphasizing very strongly on behalf of the administration that nothing could diminish our influence in that crucial area of the world more than defeating the Panama Canal implementing legislation or encumbering it with amendments which violate the treaties.

Nothing could strengthen the hand of our adversaries—Cuba and the Soviet Union—more than forcing the United States to go back on its treaty obligation to Panama. And nothing could be more adverse to our own interests than creating the conditions which would cause the closing of the Panama Canal.

I have had an opportunity this week to discuss this matter briefly with Chairman Murphy, and he agrees, as he has indicated in the statement he has issued, that the implementing legislation should be considered on its own merits.

For these and other reasons the matters you will examine over the next 2 days are extremely delicate. I am confident that this subcommittee will work with the administration to conduct these proceedings on the basis of fairness, keeping in mind legal and national security considerations.

We have cooperated fully with your staff in preparing for this hearing on very short notice. We have advised the staff that we cannot discuss certain information relating to active criminal and civil proceedings. You have asked to discuss some cases which are being investigated actively or for which indictments have already been issued. I am sure that you will agree that indicted individuals—whether they be American, Panamanian, Nicaraguan, or whatever nationality—should not go scot free because of pretrial publicity. I sincerely hope that the administration's inability to discuss these matters will not subject our witnesses to charges that we are trying to deny this subcommittee information.

We have also advised the staff that we cannot participate in any effort to damage our relations with a friendly government. In this regard, certain information which may or may not be relevant to your inquiry, must be classified for diplomatic or intelligence reasons relating to our national security. We obviously will not discuss this type of information in public. I am confident that subcommittee members understand these restrictions. Our witnesses would not want to be put into the position of having to confirm or deny information members of this subcommittee have received in classified briefings.

Finally, Mr. Chairman, I would like to make a comment on the practice of permitting a foreign government to present evidence against the nationals of another government before a committee of Congress Working in the Office of Congressional Relations and having worked on the Hill for 6 years, I am a strong advocate of congressional prerogatives, but this procedure seems to me to be terribly awkward from a legal and foreign policy perspective. I would point out that there are international organizations, such as

the United Nations and the Organization of American States, that are the proper forums for presenting evidence of violations of international law.

I would add, that I would hope that our diplomats would not subject themselves to the parliamentary procedures of a foreign government.

Finally, I am sure that you will agree that whatever the true facts in this matter are—and as I indicated before, they are terribly complicated, with conclusions difficult to draw—that whatever the true facts are, neither the Government of Nicaragua nor, for that matter, the Government of Panama can be considered an impartial witness to the matters before you.

Thank you very much, Mr. Chairman. Mr. William Robinson and Mr. Clyde Bryant of the Office of Munitions Control are here and we will respond to your questions.

Mr. HUBBARD. Thank you very much, Mr. J. Brian Atwood, of the Department of State, for your comments and testimony.

As chairman of the Panama Canal Subcommittee, I would respond by saying this issue is being tried in the international courts of public opinion and in this particular instance, it is my opinion that Panama's actions do indeed violate the charter of the Organization of American States.

Next, I would add the Congress hears foreign witnesses quite often and, further, I think it is finally time that we bring to life facts that back up the views of millions of Americans who have opposed the Panama Canal treaties from the outset and also bring up facts regarding the people who are now suffering from the Panamanians' transportation of weapons, terrorism and insurgency into Nicaragua. These questions I would ask, please, Mr. Atwood, of you or Mr. Robinson or Mr. Bryant.

Would you describe for the subcommittee the procedures by which an individual applies for a license to export firearms from the United States?

Mr. ROBINSON. I am going to ask Mr. Bryant to do that.

Mr. BRYANT. The person, be it an individual, partnership or company, whatever, submits an application for a license to export unclassified arms, ammunitions, implements of war to the Department of State. That application is addressed on its own merits and within the Department of State the decision is made as to whether or not that application will be issued. There is a standard form for submitting such an application.

Mr. HUBBARD. Does the Munitions Control Office of the Department of State, which is located in suburban Virginia, handle the issuance of export licenses for firearms?

Mr. ROBINSON. Yes.

Mr. HUBBARD. To the best of your knowledge, did individuals known as James Howell and Antonio Alvarez visit the Munitions Control Office on or about January 24, 1979, seeking an export license?

Mr. BRYANT. They visited on January 24, but as I recollect, sir, they had submitted the application prior to that.

Mr. HUBBARD. But indeed this year, January 24, James Howell and Antonio Alvarez did visit the Munitions Control Office, seeking an export license?

Mr. BRYANT. Yes, sir.

Mr. HUBBARD. Do you have a copy of their application or the export license which you could provide for the record?

Mr. BRYANT. Yes, sir.

Mr. ATWOOD. I have it here, Mr. Chairman.

Mr. HUBBARD. Would you please submit that to the clerk for inclusion in the record?

[The following was received for the record:]

(DEPARTMENT OF STATE USE ONLY)

| | | | | |
|--|-----------|-------------|----------------|---|
| SEAL | signature | 16A | SEP 20 78 | Oct 10 78 |
| <p>License hereby granted to applicant to export from United States to destination indicated the described commodity now in U. S. territory in the quantity given, provided commodity bears no U. S. military security classification.</p> | | 3490 | SEP 20 78 | LICENSE VALID FOR 12 MONTHS FROM ABOVE DATE |
| DO NOT REPRODUCE THIS LICENSE (121.20(c)) | | LICENSE NO. | RECEIVED PM/MC | |

UNITED STATES OF AMERICA

DEPARTMENT OF STATE

APPLICATION/LICENSE FOR PERMANENT EXPORT OF UNCLASSIFIED
IMPLEMENTS OF WAR AND RELATED UNCLASSIFIED TECHNICAL DATA

| | | | |
|--|-------------------------|---|-------------------------------------|
| 1. Date Presented 9/8/78 | 2. PM/MC Applicant Code | 3. Country of Ultimate Destination REPUBLIC OF PANAMA | 4. Probable Port of Exit From U. S. |
| 5. Applicant's Name, Address, ZIP Code, Tel. No. UNIVERSAL FIREARMS 3740 East 10th Court Mialeah, Florida U.S.A. 33013 Phone: (305) 836-4486 | | 6. Names and telephone numbers of U. S. Government personnel familiar with the commodity REX DAVIS | |
| Telephone number: | | 7. Name, State and telephone number of applicant contact if U. S. Government requires additional information. UNIVERSAL FIREARMS, FL (305) 836-4486 | |

| | | | |
|-------------|---|-----------------------------|-----------------------|
| 8. QUANTITY | 9. COMMODITY (Follow instructions carefully) | 10. MUNITIONS LIST CATEGORY | 11. VALUE |
| 100 100 | 1000 .30 caliber carbines rifles slings & oilers | | 84.50 ea. 3.00 ea. |
| 55199 | | 12. TOTAL VALUE: \$ 8750.00 | |

| | |
|--|---|
| Source or manufacturer of commodity UNIVERSAL FIREARMS | 13. Specific purpose for which the material is required, including specific program/end item SPORTING GOODS STORE |
| 14. Name and address of seller in United States UNIVERSAL FIREARMS 3740 East 10th Court Mialeah, Florida 33013, U.S.A. | 16. Name and address of consignor in United States |
| 15. Name and address of foreign consignee CAZAY PESCA S.A. APO POSTAL 031 ZONA 5, PANAMA REP. PANAMA | 18. Name and address of foreign end-user Same as item 17 |

| | |
|---|---|
| 17. Name and address of foreign intermediate consignee | 20. This application represents: <input checked="" type="checkbox"/> ONLY completely new orders <input type="checkbox"/> ONLY the unshipped balance of license no. _____ NOTE: APPLICATION CAN NOT INCLUDE BOTH |
| 19. If commodity is being provided under a Foreign Military Sales (FMS) or Grand Aid (GAI) program, state which _____ and give the case no. _____ | 21. The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block _____ under license no. _____; <input type="checkbox"/> was licensed to other countries under license no. _____; <input checked="" type="checkbox"/> never licensed for this applicant. |
| 22. LICENSE TO BE SENT TO: Name UNIVERSAL FIREARMS 3740 East 10th Court Mialeah, Florida 33013 | 23. In this transaction, applicant is: <input type="checkbox"/> government <input checked="" type="checkbox"/> agent/manufacturer <input type="checkbox"/> freight forwarder |
| 24. CITY AND STATE | 25. APPLICANT'S STATEMENT (SEE INSTRUCTIONS) I, _____ (TYPED NAME) hereby apply for a license to complete the transaction described above; warrant the truth of all statements made herein; and acknowledge, understand and will comply with the provisions of Title 22 CFR 121-123 and any conditions and limitations imposed. Signature |

| | | |
|---|---|---|
| JAN 28 1979 74805 JAN 15 1979 | | LICENSE VALID 12 MONTHS ABOVE DATE |
| UNITED STATES OF AMERICA DEPARTMENT OF STATE APPLICATION FOR LICENSE FOR PERMANENT EXPORT OF UNCLASSIFIED TECHNICAL DATA | | |
| 1. Name of Applicant PUBLIC SAFETY ASSOCIATES, INC. 4740 N.E. 12th Avenue Ft. Lauderdale, Florida 33334 | | 2. Country of Origin Republic of Panama 4. Port of Exit Miami |
| 3. Name and title of U.S. Government personnel with the commodity None | | 5. Name, State and telephone number of applicant contact if U.S. Government personnel have been contacted James A. Howell, Florida (305) 491-7465 |
| 6. QUANTITY 150 50,000 | 7. COMMODITY (give full description completely) Sporting Rifle, 12 cal, M1 Ammunition for above | 8. MAINTENANCE LIST CATEGORY I 9. VALUE \$18,000.00 \$11,500.00 |
| 10. TOTAL VALUE: 27,500.00 | | |
| 11. Source or manufacturer of commodity Southern Gun Distributors 13490 N.W. 45th Avenue Miami, Florida 33194 | | 12. Specific purpose for which the material is required, including the program and item Commercial resale X |
| 13. Name and address of seller in United States PUBLIC SAFETY ASSOCIATES, INC. 4740 N.E. 12th Avenue Ft. Lauderdale, Florida 33334 | | 14. Name and address of consignee in United States PUBLIC SAFETY ASSOCIATES, INC. 4740 N.E. 12th Avenue Ft. Lauderdale, Florida 33334 |
| 15. Name and address of foreign consignee Cayway Pesca, S.A. APDO POSTAL 031 Zone 5, Panama, Republic Panama | | 16. Name and address of foreign end-user Authorized recipients in the Republic of Panama |
| 17. Name and address of foreign intermediary consignee None | | 18. This application is for a completely new export <input type="checkbox"/> ONLY for a re-exported balance of license no. _____ NOTE: APPLICATION CAN NOT INCLUDE BOTH |
| 19. Identification of license (FMS) or (GAD) program, state when and give the case N/A | | 20. The identical commodity was licensed to the country in b- 3 under license no. _____; was licensed to other countries under license no. _____; never licensed for applicant. |
| 21. License to be sent to Pick up by James A. Howell or Jose Alvarez (305) 491-7465 | | 22. In this transaction, applicant is <input checked="" type="checkbox"/> government <input checked="" type="checkbox"/> agent/manufacturer <input type="checkbox"/> freight forwarder |
| 23. CITY AND STATE ZIP CODE | | 24. APPLICANT'S STATEMENT (SEE INSTRUCTIONS) I, James A. Howell, hereby swear to the truth of the statements made herein and acknowledge, understand and agree with the provisions of 22 CFR 121-129 and any conditions or limitations imposed. |
| 25. REMOVE CARBON FORM APPROVAL GMB NO. 4, A | | |

Mr. HUBBARD. Please describe in brief their application; in other words, what type of weapons they sought to export. I am referring again, of course, to James Howell and Antonio Alvarez.

Mr. BRYANT. The application was not submitted in the name of Howell or Alvarez, but rather in the name of Public Safety Associates, of which Mr. Howell is an officer. They submitted an application to export 150 .30-caliber M-1 carbines to the Republic of Panama for the foreign consignee, Caza y Pesca. Included on the application was 50,000 rounds of .30-caliber ammunition.

Mr. HUBBARD. That name again was Public Safety Associates; is that correct?

Mr. BRYANT. Yes, sir.

Mr. ROBINSON. Mr. Chairman, may I add something there?

Mr. HUBBARD. Yes.

Mr. ROBINSON. According to law and our regulations, any individual, and when I say individual, I mean person, or company, or corporation, who is engaged in the manufacture or export of arms, ammunitions, or implements of war, must register with the Office of Munitions Control. This registration is a standard form which the company pays out, they pay a fee of \$125 a year or I believe it is \$500 for 5 years, and any applicants must be registered with the Office of Munitions Control. Except for a rare case of an individual who is perhaps attempting to export one gun to a friend, something of that nature.

Mr. HUBBARD. What was the destination of these weapons?

Mr. BRYANT. The ultimate destination is shown as the Republic of Panama.

Mr. HUBBARD. OK.

Did that license or application indicate the nomenclature of the weapons being shipped?

Mr. BRYANT. Yes, sir; .30-caliber M-1.

Mr. HUBBARD. Would you describe in detail the weapons which they sought to ship?

Mr. BRYANT. It is a weapon. It was first developed and used during World War II as a replacement for the .45-caliber pistol. It is normally described as a carbine as opposed to a rifle.

Mr. HUBBARD. What again was the nomenclature or description of those weapons and also how many were there?

Mr. BRYANT. There were 150 of them, and they were described as .30-caliber M-1, sporting rifle.

Mr. HUBBARD. Do you know if the weapons were actually shipped and, if so, when?

Mr. BRYANT. We do not have a record of the weapons being actually shipped. We have been advised that they have been shipped, but we do not have documentation showing that they have been.

Mr. HUBBARD. Can you say who advised you of that?

Mr. BRYANT. We were advised both by the Bureau of Alcohol, Tobacco, and Firearms, and the Customs Service.

Mr. HUBBARD. What was the citizenship and employment status of James Howell and Antonio Alvarez at the time of their application?

Mr. BRYANT. Mr. Howell is registered with the Department of State as the owner and president of Public Safety Associates, and

he shows on the registration that he is a U.S. citizen. I am not knowledgeable with regard to Mr. Alvarez' citizenship or his employment.

Mr. HUBBARD. How did he, Mr. Alvarez, identify himself?

Mr. BRYANT. He identified himself as an employee of Public Safety Associates.

Mr. HUBBARD. When it came to the question of citizenship, did he say yes or no, or just leave it blank?

Mr. BRYANT. He is not shown on the registration as an officer of the company, Public Safety Associates, Inc.

Mr. HUBBARD. What about citizenship?

Mr. BRYANT. There was no question raised as to his citizenship.

Mr. HUBBARD. Was there any question raised of James Howell's citizenship?

Mr. BRYANT. Mr. Howell made the statement to us in his registration that he was a U.S. citizen.

Mr. HUBBARD. Was Alvarez an employee of Air Panama?

Mr. BRYANT. I do not know, sir.

Mr. HUBBARD. When an individual applies for an export license for arms, does the Department conduct a background check regarding his past employment or the purposes for which the license is sought?

Mr. BRYANT. We do not conduct a background check into his past employment. We may conduct a check as to an individual application for license.

Mr. HUBBARD. Of course, the question I have in my own mind is why not check a person such as Alvarez, for example?

Mr. BRYANT. The statute under which we function says that a person in the business of manufacturing or exporting articles on the U.S. Munitions List will register with the agency designated to control those items. The statute is explicit in that the person will register and that the Department of State cannot place them in jeopardy by refusing to register them.

Mr. HUBBARD. What background information do you have or does the Department have as to Public Safety Associates?

Mr. BRYANT. I would have to check their registration form, sir. I do not have it here.

Mr. HUBBARD. Do you know where they are incorporated?

Mr. BRYANT. It should show on the registration but I do not have it here.

Mr. HUBBARD. Can you supply that for the record?

Mr. BRYANT. Yes, sir.

Mr. HUBBARD. Please do so at your first opportunity.

[The following was received for the record:]

The address of Public Safety Associates, Inc., is shown on the registration form as 4740 NE. 12th Avenue, Ft. Lauderdale, Fla. 33334.

Mr. HUBBARD. Did you discover at any point that Alvarez was a federally licensed firearms dealer?

Mr. BRYANT. If I recall correctly, sir, at some point in time, Alvarez made the assertion that he is a federally firearms licensed dealer. Subsequently, an agent of the Bureau of Alcohol, Tobacco, and Firearms also advised that he is a federally firearms licensed dealer.

Mr. HUBBARD. If an applicant for export license for firearms is believed to be an agent of a foreign government or an employee of a foreign government, is a license issued in the normal course of business?

Mr. BRYANT. It is the practice of Munitions Control to issue licenses only to those persons subject to U.S. jurisdiction; that is, U.S. citizens and resident aliens and U.S. registered corporations.

We will also issue licenses to those countries, representatives of those countries having diplomatic representation with the U.S. Government.

Mr. HUBBARD. It was your opinion that Mr. Alvarez fell into one of those slots?

Mr. BRYANT. Mr. Alvarez did not so far as I know, sir, make an application to us.

Mr. HUBBARD. It was James Howell or the corporation?

Mr. BRYANT. Public Safety Associates, Inc., sir.

Mr. HUBBARD. Lastly, how many licenses for the export of firearms are issued in any given fiscal year, approximately?

Mr. ROBINSON. Our current volume is about 30,000 applications a year, and I would say that perhaps 10,000 to 15,000 involve firearms.

Mr. HUBBARD. I now call on Congressman Bauman, ranking minority member, for questions.

Mr. BAUMAN. Do I understand from your responses that, in effect, almost anyone could come into this agency and request an export license for arms and the likelihood of investigation would be minimal unless there was some extraneous factor known to you about the applicant?

It seems to be a very loose situation the way you describe it.

Mr. BRYANT. It depends on who makes the submission, sir. It must be a U.S. person; that is, someone subject to our jurisdiction, or a foreign government having representation with the U.S. Government.

Individuals, for example, make application for a license to export an item. It may be foreign, that they want to export to someone abroad. We require to be submitted in support of the application an import permit from the foreign government and evidence of a firm order, either a contract or a letter of intent.

With individual applications, we may ask for a check abroad by our Embassy that contains the validity of the transaction.

Mr. BAUMAN. Was that done in this case?

Mr. BRYANT. No, sir, it was not.

Mr. BAUMAN. Now, press reports appeared last fall, as early as September or October, in the Miami area, about the possibility that the Panamanian Government was implicated in shipping or transshipping arms to the Sandinistas in Nicaragua. It would seem to me that those kinds of public comments and stories would have led the State Department to contact your agency in some way to keep an eye on the possibility that this was happening.

At any time were you contacted by any other State Department agencies and warned that such shipments might occur?

Mr. ROBINSON. When we receive license applications, as Mr. Bryant stated, we require a firm order or letter of intent be attached to the license. Where the country of destination issues

import licenses, we require a copy of an import license approved by that country.

Now, as we receive these licenses, depending on the type of weapon, number of weapons, the area of the world, we refer the license to the geographical bureau in the Department of State and to anyone else in the Department of State that we feel appropriate before we issue the license. These licenses, these two licenses were established in the Department.

Mr. BAUMAN. I did not get the end of your answer.

You say this was referred automatically under your standing policy to the appropriate geographic desk?

Mr. ROBINSON. That is correct.

Mr. BAUMAN. And was any response received from them as to these or other applications of this nature?

Mr. ROBINSON. They recommended approval. Had they recommended disapproval, we probably would have disapproved them.

Mr. BAUMAN. You have not responded directly to my question.

Was there any general policy or direction from other agencies, including the geographic desk in the Department of State, dealing with arms shipments to Panama during this period?

In other words, were you told to watch out for them?

Mr. ROBINSON. We were told to watch out for them, and told to insure that all were referred to the Bureau of Inter-American Affairs, which we did.

Mr. BAUMAN. This was in a written directive to your agency?

Mr. ATWOOD. In each case when a request for a license comes in, the geographic bureau participates in the decision process. I am not sure that I understand what you are referring to, with respect to the press reports. But the cases that we have here, that we presented to you, presumably went through that process and anything untoward was examined and the Bureau and Munitions Control Office approved the request.

Mr. BAUMAN. What I am trying to find out is that in the wake of public statements made and allegations in the press, dating from as far back as November of last year, that the Panamanian Government or officials of that Government were possibly involved in arms transshipments to Nicaragua, did the State Department show any sense of urgency or concern and thereafter follow it with a directive to your agency asking you to watch these applications closely and notify them because State did not think it was a good idea to be exporting revolutions from Panama? To this day I have never heard anything out of the administration about its concern over the shipment of arms through Panama to Nicaragua. I have though, heard a lot of concern expressed by Mr. Somoza and his government.

All I am trying to find out is—in the wake of these reports, did you issue a general direction to keep an eye on these kinds of transactions that would have produced these investigations?

Mr. ATWOOD. I think the normal processes would have taken that into consideration. It was not necessary to issue a directive.

I want to make it clear that you seem to be asking a question based on a premise that the press reports are accurate. With some risk, with all of these reporters around, I might add that on occasion they are not accurate but clearly there are indications that

where there is smoke, there is fire. I would imagine, although I would suggest that you ask Mr. Grove from our Latin American Bureau about this tomorrow, that clearly an alert was on. But the two licenses which you have before you were issued, which I think presents de facto information to you that the press reports were not accurate.

Mr. BAUMAN. I do not see what the issuance of the license has to do with the accuracy of the press reports. Quite obviously, these two particular applications may or may not have been part of the arms shipment which found their way into Nicaragua.

What I am asking is whether there was any concern or general policy decision on the part of the State Department to keep a close watch on arms shipments through Panama in the wake of these statements and charges that were made. It would seem to me that that would be prudent.

But what you are telling me is that in the normal course of submitting each application to the area desk, that was the only consideration, that there was no blanket warning to the agency. Is that correct?

Mr. ATWOOD. What I am telling you is that we watch these matters closely with respect to all countries. That is the decision process that we have that governs this procedure. It was adequate to make the proper decision in this case.

Mr. BAUMAN. There was no special concern toward shipments to Panama?

Mr. ATWOOD. I think it would be best for you to ask Mr. Grove that question tomorrow.

Mr. BAUMAN. Do you have any special concern—you are here now—about shipments?

Mr. ATWOOD. I am concerned about these reports, yes, obviously.

Mr. BAUMAN. Were any applications for arms shipments to Panama during the last 12 months denied on the basis of the State Department's advice?

Mr. ROBINSON. We would have to research the record on that.

Mr. BAUMAN. To your knowledge, were any denied?

Mr. ROBINSON. I feel almost certain that there was none denied but I can not be more specific than that.

Mr. BAUMAN. Perhaps you could provide the committee with an assessment of that.

Mr. ROBINSON. Yes, sir.

[The following was received for the record.]

APPLICATIONS FOR ARMS SHIPMENT DISPOSITION

The Department of State did not disapprove any applications for exports of this nature between June 6, 1978 and June 6, 1979.

Mr. BAUMAN. I do not want to take up the committee's time, and I know that others have questions to ask. I did want to respond, Mr. Atwood, briefly to your lecture to the committee about holding hearings of this nature.

I understand that it does concern the State Department that we would be so audacious to question matters of this nature, and I am quite sure the outcome of these hearings may have some impact on the implementing legislation.

I can say to you quite sincerely that it is not my desire to defeat this legislation. I realize what would happen on October 1 if there is no legislation in place, but I do think we have a right to direct our attention to these matters so that the legislation can be framed in an appropriate way to respond to eventualities that may occur. If Panama is engaged in this kind of activity, it seems to be a violation of the letter if not the spirit of the treaty of the United States, maybe even the letter of the spirit.

Mr. ATWOOD. Mr. Bauman, your support for the implementing legislation is the best news I have had all week.

Mr. BAUMAN. At one point in your comments, you talked about your concern about any efforts to damage our relation with a friendly government. Are you talking about Nicaragua or this committee's attitude toward Panama?

Mr. ATWOOD. In that reference I was talking about Panama.

Mr. BAUMAN. Do you also count Nicaragua's status as that of a friendly Government?

Mr. ATWOOD. We have been friendly, yes, with Nicaragua. We have certain strains in our relationship now.

Mr. HUBBARD. The Chair now recognizes the Congressman from Mississippi, Congressman Bowen.

Mr. BOWEN. No questions at this time, Mr. Chairman.

Mr. HUBBARD. The Chair now recognizes Congressman Bonior from Michigan.

Mr. BONIOR. No questions.

Mr. HUBBARD. Mr. McCloskey from California.

Mr. MCCLOSKEY. I have no questions.

Mr. HUBBARD. Congressman Bill Carney from New York.

Mr. CARNEY. I would like to get back to the question about the strains.

What do you mean by, we have certain strains now?

Mr. ATWOOD. Let me just briefly touch on this, because Mr. Grove is prepared to testify at some length about the situation that has existed, in the relationship between our two countries in the past year.

We engaged with the Governments of Guatemala and the Dominican Republic to mediate the situation, to attempt as best we could to resolve what has become an out-and-out civil war within Nicaragua.

We tried to work as best we could with General Somoza, the head of state of that Government; we tried to get the situation resolved.

The mediation effort collapsed, and the fact that the mediation effort collapsed has caused some strain. I do not believe that in open session I want to go into this question further.

But it is a matter of great concern to our Government.

Mr. CARNEY. My question is still: Do you consider them a friendly country, a friendly nation?

Mr. ATWOOD. I think I will stand on what I said on that.

Mr. CARNEY. That is par for the course for the State Department. Back home, we have an expression that is called "six two and even." You may know it as waltzing people around and I think that is what this three-page statement is, and that is par for the course for the State Department.

I take exception with the part where you say that you do not think that congressional—that we should have these hearings.

I would just like to ask you: You mentioned that there are international organizations that could conduct these hearings. Has the State Department asked, or requested, the OAS or the U.N. to look into the problems that we are discussing here, problems which you do not think we should be discussing.

Mr. ATWOOD. I am sorry that you misunderstood what I was saying.

I did not suggest that you should not be having this hearing. I was talking about the precedent of having a foreign government come in and accuse another government in a congressional hearing.

But let me make it clear that the Organization of American States considered this matter on Monday of this week; the Government of Nicaragua presented certain evidence to the OAS on Monday. And my understanding of the situation is that they did not accuse the Government of Panama of the issues that you are raising here.

Mr. CARNEY. One further question: Since the arrest in Florida 3 or 4 weeks ago, has the State Department issued any further export licenses for Panama?

Mr. ATWOOD. No, we have not.

Mr. CARNEY. Thank you.

Mr. HUBBARD. Congressman Wyatt.

Mr. WYATT. I have no questions.

Mr. HUBBARD. Congressman Lowry.

Mr. LOWRY. Thank you, Mr. Chairman.

Mr. Atwood, the third paragraph of your testimony, you say, "Let me emphasize strongly that nothing could diminish our influence in that crucial area"—referring to Central America—"more than defeating the Panama Canal implementing legislation"—and then you go on with two more sentences along that same line.

In your opinion, the opinion of the State Department and our people in Panama, how do you regard the attitude toward the United States and toward free enterprise in Panama since the signing of the treaty as opposed to prior signing of the treaty?

Mr. ATWOOD. The situation has improved considerably. The Panamanians have since had a free election and General Torrijos has moved out of the position as head of state.

They have permitted a free press, and judicial proceedings. So the human rights situation has improved dramatically.

Rather than sitting across the table from us, as they have over the past 13 years, debating over negotiating points and trying to get as much as possible, we now have a number of cooperative efforts wherein commissions have been formed in order to implement the treaties.

So I think the situation has improved dramatically. The President of Panama was here recently, and he issued an open invitation for foreign investment, and it is very clear that they have chosen the free enterprise course. The course is in the direction of a new partnership with the United States.

This obviously is in our interest, if we can work with them over the rest of this century, we will have an open and efficiently

operated Panama Canal, and one that we can defend under the terms of the treaty.

Mr. LOWRY. What is the attitude of our American businesses in Panama and of other free enterprise businesses in Panama as to their treatment and the attitude of the Panamanian Government since the signing of the treaty, as opposed to prior to the signing of the treaty?

Mr. ATWOOD. I think they feel that Panama in fact is a good investment, and I think they have made that position clear.

I understand that the Council of the Americas, which represents several business enterprises which work in Latin America, have strongly supported the implementing legislation in a letter to Members of Congress. And I think you will see expressions of that support, and expressions of the fact that Panama is a going concern, as far as the business community is concerned.

Mr. LOWRY. Thank you.

One more question, Mr. Chairman. What is the opinion of the Department of Defense in the southern command as to our ability to keep the canal open and operating now as opposed to prior to the signing of the treaties?

Do we have a better or worse opportunity now, in the opinion of the Department of Defense in the southern command, to keep the canal open and operating?

Mr. ATWOOD. We have a much better opportunity, which is the reason that the Joint Chiefs of Staff, over the past several years, have strongly supported the treaty itself. You will be hearing tomorrow from General McAuliffe, and he will be able to answer for himself, but he feels that the joint defense operation, which is anticipated by the treaty, is going to make the job much easier over the next 22 years. He looks forward to the full implementation of the treaties.

Mr. LOWRY. Thank you, Mr. Chairman.

Mr. HUBBARD. Before I recognize Congressman Davis for questions, I would call to each member's attention the paper that you have in front of you regarding an application for rifles. You have that in front of you, each member?

Let me ask you to review that. You will see that the applicant's name, on the front page, is Dynamic Merchandise Corp., doing business as Universal Firearms. According to the paper the quantity is 100; the commodity, 1,000 .30-caliber carbine rifles. Then down in box number 14, in response to the specific purpose for which the material is required, it says sporting goods store.

I am sure you find that interesting—100 M-1 carbine rifles for sporting, hunting, whatever.

Obviously, those who are familiar with guns know that these are military weapons and not hunting munitions or weapons.

Then on the second page we find the corporation, which is ironically named Public Safety Associates, Inc. They have applied for 150 sporting rifles and .30-caliber M-1 rifles. The purpose was commercial resale, and you will notice that the foreign consignee on both pages, in both applications, is Caza y Pesca, in Panama City, Republic of Panama.

I will let other members of the subcommittee or committee or Members of Congress who are present ask questions about these sporting rifles.

Mr. Davis?

Mr. DAVIS. I will pass, Mr. Chairman.

Mr. HUBBARD. Congressman Davis passes.

Congressman Hughes.

Mr. HUGHES. No questions.

Mr. HUBBARD. Congressman Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman.

Mr. Atwood, we have been informed that witnesses were suppressed from providing proof of the political situation in Central America to the Senate during the Panama Canal Treaty hearings last year.

Do you have any knowledge of any suppression of witnesses, and if so, by whom?

Mr. ATWOOD. Absolutely not, and it is the first time that I have heard that charge.

Mr. ANDERSON. What provisions do you think could be added to the treaty implementing legislation to insure a stable political situation in Nicaragua while not threatening our stability in Panama?

Mr. ATWOOD. Well, I think the issues are not related, and I therefore cannot see any provisions that might be added.

Mr. ANDERSON. In other words, if the Congress felt that we could add provisions to the treaty implementing legislation which would add stability to the political situation in Nicaragua, you do not feel such an amendment would be applicable to this legislation?

Mr. ATWOOD. I think it is terribly unfortunate that Panama seems to be on trial here today. And, as Mr. Bauman has indicated, it does have some relationship to the fact that the legislation is coming to the floor next week.

We have a number of other governments with whom we have good relations, Mexico, Venezuela, Costa Rica, all of whom are concerned about the situation in Nicaragua, and whose policies toward Nicaragua are quite similar to those of Panama.

I do not think anyone would suggest that we go out and enact a law that would somehow punish one of those democratic governments because of their policy toward Nicaragua.

I find this proceeding to be quite—I suppose the timing is purely coincidental, but nonetheless, it raises certain questions in my mind.

Mr. ANDERSON. We are going to have to vote on this legislation.

Mr. ATWOOD. Yes, certainly.

Mr. ANDERSON. How imminent a threat do you believe the present Panamanian Government is to the stability of the Nicaraguan Government?

By that I do not mean just direct government financial support, but policies which do allow the Sandinista guerrilla groups to operate and receive supplies from Panama.

Mr. ATWOOD. I think the stability of the Nicaraguan Government frankly is threatened by its own citizens, more than any outside force.

Mr. ANDERSON. Do you believe any actions or policies of the Panamanian Government are in violation of the neutrality treaty which seeks to keep the canal open at all times and not be threatened by reprisals from other countries in retribution for Panamanian actions? Do you want to comment on that?

Mr. ATWOOD. No, I do not.

I have heard that allegation, and I must say that to respond to the possibility of instability in Central America, by essentially pulling out of Panama and the canal, which is what those who would advocate the defeat of the implementing legislation are suggesting, seems to be the worst possible way to contribute to stability in that region.

We are developing a new partnership with Panama in the operation and defense of the canal until the end of this century, and that is the best contribution we can possibly make to stability in South America.

Mr. ANDERSON. That was not my question.

My question is: Do you believe that any actions or policy by the Panamanian Government are in violation of the neutrality treaty?

Mr. ATWOOD. Absolutely not.

Mr. ANDERSON. Thank you very much.

Mr. HUBBARD. Congressman Evans.

Dr. EVANS. I seem to recall that Mr. Carney asked the State Department to request of United Nations that it be used as a forum for this.

I don't recall an answer to that.

Mr. ATWOOD. We have not requested that. We have engaged in the process, you might say, and Ambassador McGee appeared before the OAS on Monday. I will be pleased to offer for the record his statement on that.

Dr. EVANS. Does that mean that the State Department was not sufficiently concerned? Could that be taken as the meaning?

Mr. ATWOOD. No. I think you will see the expression of our Government's concern in Ambassador McGee's statement.

Mr. HUBBARD. Congressman Oberstar.

Well, he was here earlier, and he has left.

Congressman Lagomarsino.

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

Mr. Atwood, it was reported in the press some months ago now that General Torrijos was going to send or lead troops into Nicaragua, and it was also reported at the same time that the State Department, and presumably the administration, has urged him not to do so because it would endanger the Panama Canal implementing legislation.

Was that an accurate report?

Mr. ATWOOD. No, it was not.

Mr. LAGOMARSINO. What was inaccurate about it?

Mr. ATWOOD. The fact that he wanted to take troops into Nicaragua.

Mr. LAGOMARSINO. Or to allow troops to go in?

Mr. ATWOOD. Pardon me?

Mr. LAGOMARSINO. What about the broader allegation: Was it true that the State Department asked him not to do whatever it was he was planning to do?

Mr. ATWOOD. As I indicated earlier, I cannot discuss anything that was in diplomatic channels, and I am not suggesting that any of those discussions took place, but I will not be able to answer questions of that type in open session.

Mr. LAGOMARSINO. Congressman Carney asked whether or not any licenses had been granted since the arrest in Florida some 3 or 4 weeks ago for the export of arms to Panama, and the answer, as I understand it was no.

Mr. ROBINSON. Correct, sir.

Mr. LAGOMARSINO. Have any applications for arms exports been made?

Mr. ROBINSON. We have a number on hand pending.

Mr. LAGOMARSINO. For shipment to Panama?

Mr. ROBINSON. Yes, sir.

Mr. LAGOMARSINO. What is going to be the disposition of those applications?

Mr. ROBINSON. I can't predict the future, sir.

Mr. LAGOMARSINO. Have you had any recommendations from the State Department on those?

Mr. ROBINSON. Well, I think the fact that we are doing nothing with them speaks for itself. I really wouldn't want to go any further at this point.

Mr. LAGOMARSINO. Pardon me?

Mr. ROBINSON. I think the fact that we are holding them in abeyance and taking no action on them speaks for itself. I wouldn't want to go any further. Mr. Grove may want to address that.

Mr. LAGOMARSINO. Will that change after the implementing legislation is adopted?

Mr. ATWOOD. I keep repeating that there is no relationship. I think we have to repeat it once more.

Mr. LAGOMARSINO. Well, we will see.

Mr. HUBBARD. Mr. Robinson, were the weapons shipped under this license identified by serial number?

Mr. ROBINSON. The Office of Munitions Control issued a license, a license taken by the applicant, given to the Customs Office nearest him where they will be exported. It is called the act of lodging the license.

As exports occur, the shippers file the shippers' export declaration. That is filed in the Customs Office, and a copy is sent to our office.

The license is good for 1 year for all the weapons shipped during the period of a year. That is it. Customs returns the license to us at the end of the year. We do not receive serial numbers. I will let Mr. Bryant talk about Customs.

Mr. BRYANT. On the application in question, there were no serial numbers required. We do not in the Office of Munitions Control require serial numbers. In many instances the license is obtained before the manufacturer of the weapons has been completed.

The applicant, a major U.S. gun manufacturer, has no intention of manufacturing the weapons unless he first has in hand the license to export.

Mr. HUBBARD. Mr. Atwood, we are just about finished with your presentation. We appreciate that you, Mr. Robinson, and Mr. Bryant, appeared before us to testify.

There are other questions, I am told.

Let me ask you to repeat what you just said about 5 minutes ago about your judgment, and your question about the timing of these hearings, that it was coincidental—would you repeat that?

Mr. ATWOOD. I made a facetious statement as to whether or not the timing was coincidental, Mr. Chairman.

Mr. HUBBARD. The timing of these hearings, of course, is for the members in the House of Representatives to ascertain as much knowledge as possible regarding the Panama Canal Treaties, H.R. 111, and events taking place regarding the treaties prior to next Tuesday's vote in the House of Representatives, that being the first time that the members of the House of Representatives, who were duly elected by the people of the United States, have the chance to express themselves on the Panama Canal Treaties.

So there is no coincidental timing. This hearing is being held today and tomorrow, prior to next Tuesday's vote, so that the Members of Congress have as much knowledge as possible.

Mr. ATWOOD. I did not mean to imply that this is not a legitimate inquiry. My hope that this will not be related to the implementing legislation is not shared by all Members of Congress, so this is a perfectly legitimate inquiry, which is why we are cooperating fully.

Mr. HUBBARD. Congressman Bauman.

Mr. BAUMAN. You said repeatedly in your testimony from the viewpoint of the State Department and the administration there is no connection between the situation in Nicaragua and the Panama Canal treaties implementing legislation.

Article II of Neutrality Treaty says this, and I will read only briefly:

The Republic of Panama declares the neutrality of the Canal in order that both in time of peace and in time of war, it shall remain secure and open to peaceful transit by the vessels of all nations, on terms of entire equality, so that there will be no discrimination against any nation or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the Canal and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world.

If the President of Panama, Aristides Royo, has made a series of declarations in recent months supporting Sandinista guerrillas and calling on the United States to withdraw any relationship with or support of Nicaragua; if people are operating in Panama selling Sandinista war bonds in denominations of 50 cents to \$50, so Panamanians can help this cause; if the sale of arms is eventually proven to have taken place with not only Panamanian Government's approval, but perhaps active involvement; if indeed a brigade headed by the former assistant minister of health has marched off to Nicaragua and periodically comes back to Panama to discuss what steps are to be taken to get more Panamanians to fight in the war: If all that happened, doesn't that suggest there is some activity in which the Republic of Panama is engaged which could pose a threat to the neutrality of the Canal and the possibility of armed reprisal?

We are not contending that Nicaragua has the capacity to do that. However, I do suggest there might be some connection be-

tween these events and whether or not Panama is honoring the Neutrality Treaty.

Mr. ATWOOD. If all those things happened, the first step in the process, and we do watch these things rather closely, is that the Government of Nicaragua would break relations with the Government of Panama.

This has not occurred, so I don't believe that the article is threatened—or that Panama is—or that the two governments are close to war.

As I say, we watch these situations. You are not putting together an entirely outlandish hypothesis, but I think as of now it is simply that, a hypothesis.

Mr. BAUMAN. Of course the events that I have described have occurred, as you know. I didn't mention the jet from Cuba last week, which may or may not have happened.

Mr. ATWOOD. We have no information on that. We have heard the rumors.

Mr. BAUMAN. We have heard that Cuban troops have landed in Panama for transit to Nicaragua. All of this has no bearing on the treaty we signed?

Mr. ATWOOD. All of these issues bother us because of the unstable situation in Central America which I alluded to previously.

We feel very strongly that the best way to contribute to stability is to get the enabling legislation passed, to get the new partnership underway.

Mr. BAUMAN. Doesn't this presuppose the State Department might request of them certain stands to bring about stability in Central America? We first heard from the President about this new era of relations. We see the Panamanian Government engaging in acts disrupting stability in Latin America.

Doesn't that presuppose some action will be taken by this administration, some pressure, some request, some formal contract?

I understand that General Torrijos has been talking about doing it for a month. Our good friend, Ambler Moss, chatted with him the other night about that.

When are we going to say something about that? Is it so important to get the enabling legislation through that no act on the part of Panama will be important until it is passed?

Mr. ATWOOD. I think the nature of our relationship is such that we don't have to press them. We have an ongoing relationship, an ongoing dialog and I hope it will continue.

Mr. BAUMAN. No request to cease and desist will be made?

Mr. ATWOOD. We have an ongoing dialog. It is not necessary to discuss these issues with Panama in this way.

Mr. BAUMAN. Thank you.

Mr. HUBBARD. Does that include the 5-hour meeting 2 days ago between Ambler Moss and General Torrijos which was reportedly unsuccessful on the part of Ambler Moss to talk General Torrijos into breaking relations with Nicaragua?

Mr. ATWOOD. I can't comment on that. I will say we can talk about it in private, but your facts are incorrect.

Mr. HUBBARD. I am incorrect that Ambler Moss met with General Torrijos 2 days ago?

Mr. ATWOOD. I cannot comment, Mr. Chairman.

Mr. HUBBARD. I am sorry.

Mr. ATWOOD. We can talk about it in private. Any question involving a meeting between our Ambassador and a representative of another government we simply cannot discuss in public.

A MEMBER. Mr. Chairman, I have a clarification.

Mr. HUBBARD. You did tell me I was wrong.

Mr. ATWOOD. I suppose that was to whet your appetite so you would want to discuss this matter with me privately.

Mr. HUBBARD. I can assure you that a good many more people than Carroll Hubbard are interested in knowing what is going on in Panama and South.

Congressman Hansen.

Mr. HANSEN. I yield to the gentleman.

Mr. CARNEY. I would like to have that repeated. You are not going to tell us whether our Ambassador met with General Torrijos 2 days ago?

Mr. ATWOOD. No. I will be pleased to discuss this with you in closed session. I would not do it in open session.

Mr. CARNEY. That would have an impact on national security?

Mr. ATWOOD. We have two governments involved. Sensitivities are involved on all sides. Maybe an individual in another government doesn't want it known that he is discussing things with an Ambassador of the United States.

Mr. CARNEY. I find that incredible.

Thank you.

Mr. HANSEN. Pursuing the reasoning of Congressman Hubbard and Carney, I would like to tell you in a debate or dialog the other day with Congressman Bowen and the Ambassador of Panama to the United States, this matter came up and we were informed by the Ambassador that this really was not relevant, because the United States was responsible for the Panama Canal for the next 20 years, was responsible for the defense of it and all the rest.

This reminds me when I was younger I had two dogs, a small dog and a large dog. The small dog was very feisty, and he could pick a lot of fights. However, the big dog was more capable, and he had to end up taking care of all the fights.

We have got an irresponsible situation where the State Department absolutely refuses to call the Government of Panama to task for revolutionary and terrorist activities in the Caribbean area, and yet we will be responsible, as a government, for having to pick up the pieces.

As the treaties go into effect, if they do, on October 1, the buffer zone goes down and you don't have the buffer area for the United States defense to take care of the canal as we had before.

It is easier to catch contraband in the Panama channel than in the high seas. We are asking for a lot of trouble unless we get it cleared up.

Wouldn't you think it is time that we call Panama to task? There has been gunrunning. Witnesses will be here to establish this is in collusion with Cuba, Venezuela, Costa Rica, as well as the FLSN.

Don't you think it time we should do something about this?

Mr. ATWOOD. I would hope you would wait until the 2 days of testimony are over before you come to a conclusion. We have just begun. Very little evidence has come forward.

Mr. HANSEN. It doesn't look like it is going the direction you suggest.

What is the normal procedure for a foreign government to purchase weapons in the United States? Don't they usually purchase them wholesale from some reputable manufacturer and cut out the middleman and register the serial numbers?

Mr. ROBINSON. If a foreign government wants to purchase weapons, it has two ways that it can do it. One, you can go the military sales route, get a letter of acceptance from the Department of Defense, and buy weapons which are government-to-government.

If the Government itself wants to buy weapons, it comes to an American dealer or manufacturer, signs a contract, and either the Embassy of that government or the commercial dealer or manufacturer will apply for a license for export.

Mr. HANSEN. But you are conveniently lax in taking serial numbers when you buy from gun dealers, which means it is easy to contraband them into other areas, than the normal armed service; isn't that correct?

Mr. ROBINSON. Mr. Hansen, we do not maintain serial numbers. They are maintained by the dealers. If we have a request made to have them checked, it can be done.

Mr. HANSEN. Are you familiar with the M-1 and what kind of weapon it is as far as impact when it hits an object, an animal, or a man?

Mr. BRYANT. I am not familiar with the ballistics characteristics.

Mr. HANSEN. Would it be considered as a hunting rifle, or is it something too devastating as it strikes the object?

Mr. BRYANT. The weapon is available in Virginia, South Carolina, and Georgia from gun dealers, and it is used in the eastern seaboard as a bush gun for the hunting specifically of deer.

It has, I think, ballistic characteristics similar to that of the 30/30 Winchester.

Mr. HANSEN. One last question I would like to ask is regarding the Neutrality Treaty, and the fact that the State Department continues to say that the United States must live up to its honor in the commitments which have been made with regard to the treaties.

Is there any such thing as Panama living up to any honor in these treaties, or is this a one-sided thing where we live up to all the honor, and they run rampant as they please?

Mr. ATWOOD. A point of clarification: It is the Nation's honor that is at stake, not the State Department's honor.

Mr. HANSEN. We are continually told that the United States have to live up to its honor, but Panama doesn't have to live up to anything. Is there any reason that there are two standards?

Mr. ATWOOD. I am sorry, there are not two standards. We expect both countries to live up to the obligations of the treaty.

Mr. HUBBARD. Are you familiar with the U.S. Customs list which identifies the arms in question by serial number, which is now in the hands of the Department of Justice?

Mr. ROBINSON. I have not seen them.

Mr. HUBBARD. Last, Mr. Atwood, Mr. Robinson, and Mr. Bryant, do you have as much confidence today in General Torrijos as the President and the State Department had last year when we were signing the Panama Canal Treaties?

Mr. ATWOOD. We have great confidence in the Government of Panama as a whole. You know, General Torrijos is no longer head of State, no longer head of the Government of Panama. He is head of the National Guard there.

Mr. HUBBARD. He is at least important enough that Ambler Moss met with him 2 days ago for 5 hours.

[Laughter and applause.]

Mr. HUBBARD. And we learned this, by the way, from the State Department. The subcommittee was given that information by the State Department.

To Mr. Atwood, Mr. Robinson, and Mr. Bryant, we express our appreciation for your being here and for your comments.

Mr. ATWOOD. Thank you.

Mr. HUBBARD. Mr. Murphy, our committee chairman, would like to have inserted in the record at this point articles from Panamanian newspapers submitted to him by U.S. intelligence gathering agencies.

They are as follows:

One: An article dated May 29, 1979, from the Panama City Star and Herald. The article describes the sale of "War Bonds" in Panama for the Panamanian brigade to fight in Nicaragua. The brigade is headed by Hugo Spadafora, the Panamanian Deputy Minister of Health who resigned his post to head the brigade.

Second: An article dated May 30, 1979, from Panama City newspaper Critica. This is a call to members of the Victoriano Lorenzo International Brigade headed by Spadafora made up of Panamanians fighting in Nicaragua.

Third: An article dated May 4, 1979, from the Panama City newspaper Critica in which Spadafora asks for Panamanian reinforcements for the Victoriano Lorenzo International Brigade.

[The following was received for the record:]

NICARAGUAN SOLIDARITY COMMITTEE SELLING WAR BONDS

PA291650 Panama City Star and Herald in English 29 May 79 p A-1 PA

[Excerpt] The "Panama Committee on Solidarity with the Nicaraguan People" (COMPASOLINI) yesterday announced the sale of "war bonds" to finance the liberation of Nicaragua. In addition, the group was recruiting volunteers to fight at the side of the Sandinistas. The call for recruits began several weeks ago in response to an appeal by former Deputy Minister of Health Hugo Spadafora, who is now said to be the commandant of a brigade of Panamanian Volunteers fighting with the Sandinistas in Nicaragua. This sale of war bonds, having a cost fluctuating between 50 cents and 50 dollars, began May 22 and will end May 31. In addition to the bonds, COMPASOLINI has organized other programs to gather funds, including cultural events, and has launched a drive for donations of medicine, food and clothes.

SANDINIST BRIGADE MEMBERS ASKED TO REPORT TO CENTER

PA301712 Panama City Critica in Spanish 30 May 79 p 8 PA

[Text] All active members of the Victoriano Lorenzo International Brigade who are in Panama must report within 48 hours to the orientation center located on Las Americas Avenue, Building No 2981, in front of the 10 de Noviembre Park in La Chorrera where they will be met personally by coordinator Efrain Rojas.

We received this information from coordinator Rojas, who made the call in view of the new bloody battles being waged in Nicaragua. The brigade is playing an important role there in the struggle for the liberation of that brother country which is suffering hunger, poverty and oppression by the Somozist dictatorship. Rojas stressed that those who do not report within 48 hours will be automatically discharged from the Sandinist National Liberation Front army with the exception of those comrades who can prove they are ill.

[From Critica (Panama), May 4, 1979]

HUGO ASKING FOR REINFORCEMENTS

What is considered necessary as reinforcements for the battle which the Brigade of Victoriano Lorenzo is carrying out in the south of Nicaragua, has come to our attention as a result of two communications. One is that of Dr. Hugo Spadafora, and the other is from Mr. Efraim Rojas in his capacity as the coordinator of the brigade. Both of these communications came to our attention yesterday through radio commentaries—one on ABC radio in San Miguelito, and the other on the program "Pisando Callos", which was transmitted at noon on a musical radio station.

In the communication which carries the signature of Dr. Spadafora, it says that "The Brigade Victoriano Lorenzo has recently opened its inscription book for those Panamanians who have military experience, enjoy good health and physical condition, and whose object is to be integrated with the ranks of the Army Sandinista Liberation Movement, which is fighting on Nicaraguan soil with the final vision of defeating Somozan tyranny."

In the same communication of Dr. Spadafora, it is told where the book is to be found, in the City of Chorrera, Avenue of the Americas, No. 2981, in front of the Park of November 10th.

In another parte, coordinator of the Brigade Victoriano Lorenzo of Panama, Mr. Efraim Rojas, solicits and "exhorts the public opinion by which all men of the voluntary revolution will join in the central orientation in order to constitute in Chorrera a flow of information with our companions who encounter frontline combat.

Mr. HUBBARD. At this time, we would call on the Honorable Louis Pallais, vice president of Nicaragua, who is accompanied by Maximillian Kelly, Secretary to the President, and Jose Carlos Ulloa, Nicaraguan Customs Official

Mr. Kelly will speak first. The members of the subcommittee and the full committee will keep in mind that Mr. Jose Carlos Ulloa speaks no English.

Mr. Kelly.

STATEMENT OF HON. LOUIS PALLAIS, VICE PRESIDENT OF NICARAGUA, ACCOMPANIED BY MAXIMILLIAN KELLY, SECRETARY TO THE PRESIDENT; AND JOSE CARLOS ULLOA, NICARAGUAN CUSTOMS OFFICIAL

Mr. KELLY. Mr. Chairman, members of this subcommittee, ladies and gentlemen.

I welcome this opportunity to present to this distinguished subcommittee evidence which conclusively shows the direct involvement of the Governments of Cuba and Panama in the present violence in Nicaragua.

Quantities of FAL 7.62-caliber Belgian-made rifles manufactured by Fabrique Nationale d'Armes de Guerre and sold only to Cuba have turned up in the hands of Sandinistas in Nicaragua. These weapons quite clearly have been supplied by Cuba and shipped to Panama.

On March 13 and 16, two vans were intercepted on the Costa Rica-Nicaragua border. Seized were 49 FAL 7.62-caliber rifles found in false compartments. In addition, 181 identical rifles have been captured from the Sandinistas.

In 1963 the Cuban Government of Fidel Castro supplied similar rifles to terrorists then attempting to overthrow the Venezuelan Government of Romulo Betancourt. In response to a complaint from the Venezuelan Government, the Organization of American States (OAS) carried out an exhaustive investigation and from the findings of this body, we see today that the guns captured from the Sandinistas by the Nicaraguan National Guard are identical to those provided by Fidel Castro to the Venezuelan terrorists.

[The final report of the investigation is contained with the prepared statement of Mr. Kelly, which appears later.]

Mr. KELLY. In accordance with the final report of the group of military advisers of the investigating committee of the OAS, a copy of which I am submitting for the record, the following are the characteristics of these Belgian rifles:

One, this specific model of the FAL was supplied to only three countries: Cuba, Ecuador, and Chile.

I call your attention to a set of 3 papers that were in the papers that were handed out.

[The papers to which reference is made are included with the prepared statement of Mr. Kelly.]

Mr. KELLY. In each case the national emblem of the country was engraved on the back part of the right cheek of the action box, except that the actual positioning in each of the three cases was different.

Three, the rifles taken from the Sandinistas show the national emblem to have been erased or cut out precisely where the national emblem of Cuba was originally stamped.

The FAL rifles sold to Cuba carried the serial numbers on the left-hand side of the action box. Those rifles sold to Chile and Ecuador carried the serial numbers on the right-hand side.

Five, the rifles captured from the Sandinistas have a long mounting bolt for the flash suppressor, whereas those sold to Chile and Ecuador were short.

Mr. HUBBARD. Excuse me for interrupting. Are any of those weapons you are talking about in the committee room?

Mr. KELLY. Yes; Mr. Chairman, they are on the last board, the one that says, "Cuban and Venezuelan Weapons Smuggled by Panama to Nicaraguan Terrorists."

We have a Venezuelan weapon to differentiate from the Cuban rifles.

Mr. HUBBARD. Excuse me for interrupting. The weapons you are referring to are those on the far board there?

Mr. KELLY. That is correct, Mr. Chairman.

Mr. HUBBARD. Please proceed.

Mr. KELLY. In an affidavit filed December 6, 1963, by the Fabrique Nationale d'Armes de Guerre, it clearly and categorically states that rifles with the characteristics noted above were sold only to the Government of Cuba.

Mr. Chairman, yesterday I submitted FAL rifles taken from the Sandinistas to an arms expert at the U.S. Bureau of Alcohol, Tobacco, and Firearms. This expert concurred that the rifles being displayed here today are identical to those referred to in the Fabrique Nationale affidavit as having been purchased by the Cuban Government in 1959.

It may come as a surprise to the members of this subcommittee, Mr. Chairman, to learn that identical FAL rifles to those taken from Sandinistas have been used by Fidel Castro's forces in Africa, especially in Angola.

Mr. Chairman, you may ask what is the Panamanian connection with these Cuban rifles. From our intelligence sources, we know that the route taken was precisely through Panama as shown by the fact that 49 of these FAL rifles were found alongside 70 U.S. manufactured M-1 carbines purchased by Panamanians and found in the two vans intercepted in March, as mentioned earlier.

I will deal with these U.S. manufactured carbines further on.

It is also a fact that some of these rifles I refer to the Belgian rifles, were taken from Panamanian nationals killed in Nicaragua while fighting in the International Brigade of mercenaries recruited by Hugo Spadafora, former Vice Minister of Health and former roommate of President Aristides Royo.

In the same two vans intercepted on March 13 and 16 mentioned earlier, Nicaraguan customs officials at Penas Blancas also discovered substantial quantities of other weapons and material. Included were 90 .30-caliber M-1 carbines. Seventy of these M-1's have been traced to the Universal Firearms Corp. of Florida and Johnson Arms of New Jersey. Records now show that these carbines were part of a shipment of 150 M-1 .30-caliber carbines exported by Public Safety Corp. According to a permit of January 24, made out to James Allen Howell and Jose Antonio Alvarez of Miami, these carbines were exported to Caza y Pesca, S.A.—hunting and fishing—in Panama, of which Col. Manuel Noriega, head of the Panamanian G-2 intelligence, figures as a principal shareholder.

On May 15, the U.S. district court of the southern district of Florida indicted Jose A. Pujol, Miami Air Cargo manager for Air Panama, Jose Antonio "Tony" Alvarez, a Miami gun dealer and exporter, Carlos Wittgreen, president of Caza y Pesca, S.A., a Panamanian company, James Allen Howell and Walter Donald McComas of Miami.

This indictment is in connection with the purchase and delivery of arms between September 1978 and January 1979 and which include hundreds of .30-caliber M-1 carbines purchased from the Universal Firearms Corp. of Florida.

According to an affidavit filed by special agent Donald R. Kimbler of the U.S. Bureau of Alcohol, Tobacco, and Firearms in Miami, Fla., Jose Pujol on September 22, 1978, told the Garcia National Gun Shop that he would be ordering firearms in quantities amounting to \$2 million. He said the weapons were going to "Nicaraguan guerrilla forces."

On November 10, 1978, special agent Kimbler interviewed Edgardo Lopez, then consul of Panama in Miami. According to the ATF affidavit, consul Lopez had stated that he had been involved in at least seven firearm shipments with Jose Pujol and Jose Antonio Alvarez, and that he received his instructions from an official of the Panamanian G-2 intelligence agency in Panama.

On May 11, 1979, President Aristides Royo of Panama said in Washington, D.C., that Lopez had been removed as consul on October 11, 1978. U.S. State Department records show, however, that Edgardo Lopez was only replaced in January 1979 and was still

acting consul at the time he was interviewed by ATF agents on November 10, 1978.

Mr. Chairman, I have presented to this distinguished subcommittee the conclusive evidence that the Governments of Cuba and Panama are supplying Belgium-made FAL rifles and U.S. made M-1 carbines to the Sandinistas in Nicaragua.

As to the many weapons which are shedding the blood of Nicaraguans such as German machine guns, French and Communist Chinese rocket launchers, such as the one you see on the table, I do not have the same conclusive evidence.

Nevertheless, should the U.S. State Department consider looking into this matter, they might start with "Defensores de Panama," P.O. Box 1824, Panama City, Panama, and a gentleman by the name of Debenord, D-e-b-e-n-o-r-d.

While the Panama Government might suggest that this trafficking is the concern of individuals, it could hardly take place without the knowledge and tacit approval of a responsible government.

I am submitting a list of all serial numbers of Belgian-made rifles, and the caliber .30 carbines also.

[The material is contained in the appendix to Maximillian Kelly's prepared statement.]

Mr. HUBBARD. Thank you very much, Mr. Max Kelly.

Now we will hear from vice president Louis Pallais, vice president of the Congress of Nicaragua.

Mr. PALLAIS. Mr. Chairman, I welcome this opportunity to meet with this distinguished subcommittee on a matter of such portentous importance to my country and the world.

Nicaragua is under a relentless attack by international Communism led by Cuba and Panama. Those who refuse to recognize this reality and see the present crisis and turmoil in Central America only as a product of national and socioeconomic issues are blind to history and the evidence so clearly revealed by events.

Let us briefly review some of this evidence. My country, Nicaragua, has been a victim of 20 years of Soviet-Cuban subversion and terrorism with the coming to power of Fidel Castro in 1959. From that time onward, world Communism has sought to overthrow the constitutionally elected and successive governments of Nicaragua to impose Marxism on the people of Nicaragua, a system our people totally reject.

The Frente Sandinista de Liberacion Nacional (FSLN) terrorist movement is the principal armed force by which the U.S.S.R.-Cuba are attempting to achieve this objective. The Sandinista leaders have been trained and indoctrinated in Cuba and the Soviet Union.

Some people have been taken to take special graduate studies by the Soviet Union, at the Patricio Lumumbo University in Moscow.

The Castro regime has provided weapons, financial and logistical support and open sanctuary for Sandinistas fleeing Nicaragua after carrying out terrorist actions.

Such has been the flagrant involvement of Cuba in this ongoing campaign that it has now become politically—and logistically—expedient for Cuba to move the frontline base of operations to Panama.

On coming to power in 1959, Fidel Castro immediately targeted two countries for takeover: Panama and Nicaragua. As a result,

Panama is today a Marxist enclave on the isthmus through the treachery of the present leaders of that nation. The Panamanian people have been betrayed from within, Mr. Chairman.

Nicaragua has proved to be much more difficult. In August 1978 the Sandinistas carried out a sneak assault on the National Palace in Managua, killing five and holding almost the entire legislative body and 1,500 ordinary citizens hostage for 45 hours. Following the negotiated release of 59 fellow Sandinista terrorists from prison and a one-half million dollar cash ransom, these terrorists were flown as they demanded to Panama. Many shortly reappeared in Cuba.

From that moment, Panama openly has become the continental haven for bloody terrorists and a base for recruiting, reequipping, and training of terrorist forces determined to take over Central America on behalf of Marxist socialism.

Over the intervening months since that August 1978 assault on the National Palace in Managua, scores of Sandinista terrorists have been flown to sanctuary in Panama aboard Panamanian Air Force aircraft; their leaders flown to other countries in the region including Cuba, and Venezuela under Carlos Andres Perez, who was President then, as part of the operations to recruit for and reorganize their terrorist operations.

We have read in the press of open meetings with President Carlos Andres Perez and General Torrijos.

On August 30, 1978, Marxist terrorist leaders Eden Pastora and Dora Maria Tellez were flown back to Costa Rica aboard a Panamanian military aircraft to meet with Costa Rican President Rodrigo Carazo.

On September 10, 1978, 22 Sandinistas arrived in Havana, Cuba, from Panama and were met and feted by high officials from the Central Committee of the Communist Party of Cuba and Panamanian Ambassador Miguel Brugas. On September 15, 1978, Panama dispatched four helicopters to Costa Rica to support action against Nicaragua.

On September 27, 1978, Sandinista leader Tomas Borge arrived in Havana from Panama and reported to Fidel Castro on the terrorist operations in Nicaragua.

Pictures of this meeting were published in the world press.

On the same day, Jorge Aparicio, former ambassador of Panama to Algiers, confirmed that several former members of Panama's government are among the volunteers enrolled in the Communist international brigades of mercenaries being trained and equipped in Panama.

On November 28, 1978, the Associated Press reported that, "generally reliable intelligence sources show Panama as a possible conduit for Cuban-financed aid and weapons in the struggle to overthrow the anti-Communist Government of Nicaragua."

December 28, 1978, former Panamanian Vice Minister of Health Hugo Spadafora, confirmed that 20 experienced Sandinista guerrillas were in Panama the day the U.S. Senate voted on the ratification of the Canal Treaties, prepared to blow up the Canal with Panamanian troops under the command of Gen. Omar Torrijos.

January 18 of this year, Gen. Omar Torrijos while visiting Carlos Andres Perez, then President of Venezuela, publicly stated, "There

are more arms than men" available for the attack on Nicaragua. He admitted that Panamanians are fighting the Somoza Government. This was also very well covered by the world press, and it was said personally by Gen. Omar Torrijos.

On March 13, and 16, two vans equipped with false compartments were intercepted at Penas Blancas on the Costa Rican-Nicaraguan border by the Nicaraguan National Guard. Seized were 90 M-1 carbines, 34 FAL rifles, and large quantities of ammunition and materiel. Seventy M-1 carbines were traced to Universal Firearms Corp. of Florida and Johnson Arms of New Jersey, manufacturers of these weapons, and which had been shipped to Caza y Pesca, S.A., in Panama, a G-2 Panamanian intelligence front.

Investigations by a U.S. Federal agency, the Bureau of Alcohol, Tobacco, and Firearms, revealed in an affidavit filed in the Miami Federal Court on May 1, the complicity of the Panama Government in the purchase of these arms for the Marxist-Leninist Sandinistas, similar to what Fidel Castro has in Cuba.

Panama President Aristides Royo in Washington, D.C., on May 11, said " * * * if I am going to smuggle arms, as a head of government, in my account, we have planes in the Panamanian Air Force." The use of Panamanian Air Force aircraft on behalf of the Sandinista terrorists has for some time now been a well-documented fact.

What is less well known is the direct involvement today of the Fidel Castro Government of Cuba in the present turmoil in Nicaragua. Castro has tried to be very careful not to be showing his hand on this thing, but as Mr. Kelly explained, it has been proven that these Cuban arms are now in the hands of the Communists fighting the constitutional government of my country.

On May 30, the Nicaraguan Foreign Ministry quoted reliable sources as reporting the landing of a Cuban aircraft of Russian manufacture, an Ilyushin 62, in Panama, from which some 200 fully equipped men disembarked and boarded Panamanian Air Force trucks.

On the same day a four-engined aircraft painted yellow with a red star on its tail was impeded from landing near Siana in northeast Nicaragua to give support to Sandinista terrorists attacking U.S.-owned gold mines. It was later seen at the Rio Hato Air Force Base in Panama, this same aircraft.

Nicaraguan intelligence reports that on June 4 a Panamanian Air Force plane landed at the Liberia Airport in northern Costa Rica and discharged men and material for the beleaguered Sandinista terrorists fighting the Nicaraguan National Guard at El Naranjo just across the border from Nicaragua.

The flow of automatic weapons from Cuba through Panama to the Sandinista terrorists has now been fully established. Over 150 FAL Belgian-made rifles have been captured from the Sandinistas and traced by their special characteristics and marking to those originally sold to the Cuban Government by the Belgian manufacturers.

A quantity of these rifles were taken from the vans intercepted on the Costa Rica-Nicaragua border on March 13 and 16 of this year.

We have here with us a member of the Customs Department to explain how these weapons were found in our border. These are the same two vans from which 70 M-1 carbines were found, which had been bought by the Panama Government for the Sandinista terrorists. The conclusive evidence of the origin of these weapons will be given by Mr. Max Kelly in his statement.

Mr. Chairman, the evidence is endless. The present turmoil in Nicaragua is being provoked by Cuba and Panama with the hypocritical complicity of Costa Rica. Blatant recruiting for the international brigades of mercenaries in the government-backed press in Panama and the wanton use of Costa Rica as a conduit for Cuban-Panamanian-sponsored men and arms to launch, with impunity, repeated attacks against the government and people of Nicaragua is a matter which should be of the gravest concern to the Government and people of the United States.

The inordinate size of the Cuban Embassy in Panama and the Soviet Embassy in San Jose, Costa Rica, is totally out of proportion to the existing formal trade and cultural ties in Panama, is yet another clear indication of the extent and penetration of Soviet-Cuban influence in Central America.

At this present time, Mr. Chairman, innocent Nicaraguan blood is being spilled in the fighting now taking place on Nicaragua's borders with Costa Rica. There are no words to express the miserable cynicism of the Costa Rican Government which is in an unnatural alliance with Panama and Cuba, is attempting to overthrow another Central American Government, elected constitutionally by the people of Nicaragua.

The complicity of Panama in the present attempt to destabilize an established and recognized government—a user of the Canal for a major percentage of its foreign trade—raises the critical question of whether the canal should be entrusted to the current leaders in Panama. I agree with President Somoza who has called Panama's interference in the internal affairs of Nicaragua the height of irresponsibility and has stated that General Torrijos and President Aristides Royo are unfit to operate a canal of such socioeconomic importance to the world. Is it possible that these people will comply with the neutrality provisions of the treaty?

That is a question that must be in the mind not only of the American people, but of other people in Latin America and the world.

In fact of this open aggression against Nicaragua, the U.S. State Department is silent. On the other hand, the political and economic aggression by the U.S. State Department against the Government of President Anastasio Somoza is a matter of record.

On November 28, 1978, State Department spokesman Hodding Carter, referring to reports that Cuba and other governments had been supplying weapons to the Sandinista National Liberation Front, said, "We have raised these concerns with Cuba and other governments." On May 11, of this year, Panamanian President Royo said in Washington, D.C., that he had received no pressure from the U.S. to stop any kind of aid to the Nicaraguan terrorists.

Two days ago, on June 4, the U.S. delegate to the Organization of American States stated formally before that body: "We condemn

external intervention in the Nicaraguan situation if such be proven."

The conclusive evidence, Mr. Chairman, which we are submitting to this committee today proves that there is an external intervention by Cuba and Panama. Intervention in our affairs is dangerous, because we must state very clearly that this is not a problem of the government of Nicaragua. It is a problem the Free World—because we feel if ever our government would fall to the communists, Marxist Sandinistas or defenders of Sandanistas, that it will be only a few days before Central America will follow.

What will happen to the oil fields in Mexico? Can we have another kick in the belly like Castro? That is something that we, the democrats in the world, should be very much concerned about.

This foreign involvement in Nicaragua is internationalizing the present violence. Fidel Castro has clearly embarked on reckless adventurism in Central America which will eventually threaten the very security of the United States.

Mr. Chairman, may I finish on a private note? I was a hostage in August 1978. At gunpoint I transmitted by telephone the demands of the terrorists to our government. Our life was then at stake.

During the long negotiation—this is the picture taken then by one of the reporters. This was during the capture of the Palace. During the long negotiations, I had the opportunity to discuss policy with the terrorist leaders.

I remember that when everything was finished, at 2 o'clock in the morning, the leaders of the group, No. 1 and No. 2—they are always called by numbers—called me to discuss the political situation in Nicaragua, and I told them that since I had my hands tied, how could I discuss that with them, being a prisoner, so they untied my hands.

Under these discussions, I gave my opinion as to the solution of the political problems in my country, and I told them that the solution should be accomplished through legal, constitutional means, through the dialog we would have, so that Nicaragua could have between negotiations and dialog a proper government and a proper election in 1981, so that the people could choose.

I asked them: Why do you fight? Why don't you leave the guns? Why don't we try to solve these problems by democratic means in terms of a vote?

The answer was very stern and very definite. They said:

We experienced what happened to Allende in Chile. He tried to work with the bourgeoisie through elections in a democratic process.

What happened was that the CIA and the bourgeoisie of the country killed Allende and we failed. The only solution is to fight to the end until we eliminate the National Guard and the military forces of Nicaragua, replaced by social forces of Sandinistas, and then we will have a situation just like Fidel Castro has in Cuba.

I know pretty well I told him that you are talking about the bourgeoisie, and that the strongest bourgeoisie we have in our country in Nicaragua are the farmers, because the farmer likes to have his own piece of land. He is very attached to it. He is very attached to his cows, to his cattle, to his horses, and even to get drunk whenever he wants to.

They answered: "Yes, we know that perfectly well. That is the reason we will take over and establish a Cuban-type government when we eliminate the Nicaraguan forces of the National Guard."

We in Nicaragua have no problem controlling and fighting the guerrillas, but we feel if we have the open connection from Cuba, Panama and Costa Rica of guerrillas, 100-150 come in every month armed by the Panamanians and by the Cubans and fight in Nicaragua, we are creating a tremendous economic problem in our country; and I believe this situation on a small scale can be compared with the situation in Vietnam, with the only difference that in Vietnam you had as your borders North Vietnam and Communist China and here you have the borders of Costa Rica and Panama.

We believe that the State Department should use its influence through diplomatic channels. If they stop the smuggling of arms coming from Cuba and Panama we will have no problem eliminating Torrijos and we Nicaraguans can resolve our political problems through dialog and negotiations, and keep our territory free from Communists.

I was told then in the palace when I was a prisoner and again at the airport when terrorists left Nicaragua, that I was a condemned man in their eyes. I can say to you that I had a report from my country 2 days ago that the Sandinistas have just given me the same treatment they have given to the Shah of Iran. They, the Communists, Marxists, terrorists, have voted and given instructions to any people of Nicaragua that I am a condemned man and I should die if anybody can kill me wherever they can find me.

Since then, I have had several attempts on my life, Mr. Chairman, and I fear them not. However, let me take this opportunity to put in the record: Should they succeed, I hold those who support the Marxist terrorists responsible for my death, which would never happen.

Thank you.

Mr. HUBBARD. Thank you.

I think the members of the committee, and the members of the subcommittee, and those who are visiting today, including the media, will want to know that Mr. John Murphy, chairman of the Committee on Merchant Marine and Fisheries, sent a letter of invitation to Ambassador Carlos Lopez-Guevara, Ambassador to the United States from Panama, requesting his presence here today, and his testimony.

Ambassador Carlos Lopez-Guevara, moments ago, telephoned Carl Perian—am I right?—the chief of staff of the Committee on Merchant Marine and Fisheries, and informed Mr. Perian that even though he was invited to testify, that he will not testify, "Because there has been too much misinformation spread abroad on this issue" to which the chairman of the Panama Canal Subcommittee would simply reply that, indeed, if there has been any misinformation spread abroad, or even in this committee room on this issue, we cordially invite Ambassador Carlos Lopez-Guevara, Ambassador from Panama to the United States, to join us today or tomorrow and clear up this misinformation.

I would ask Vice President Pallais and Mr. Kelly this question: From time to time we read in certain newspapers and hear reports

that there is a lack of free participation in the political process in Nicaragua. We hear criticism of President Somoza.

Does your government abridge the rights of citizens? And is there any lack of participation in the political process for the people of Nicaragua?

Mr. PALLAIS. Mr. Chairman, we have read the same statement in much of the press of the world. We believe that is completely untrue, because our president was duly elected through a constitutional election which was observed by the world press, and the Organization of American States, and he was elected to serve his term until the first of May 1981.

Elections in Nicaragua are to be carried out according to our Constitution on the first Sunday of February 1978.

Also we have read, and I may add, Mr. Chairman, that President Somoza wants to stay in power continuously. That is false, because, according to our constitution, there can be no reelection for him or for any member of his family up to the fourth degree in blood and up to the fourth degree in kinship.

They cannot be candidates in the next election.

Mr. HUBBARD. Were there responsible American observers in your last election?

Mr. PALLAIS. The diplomatic corps and representatives of the Organization of American States and all the press. Not only that, but the opposition candidate, who was a conservative, admitted that we won the election by a great majority, Mr. Chairman.

Mr. HUBBARD. Am I correct that the chairman of our full committee, Congressman Murphy, was also an observer?

Mr. PALLAIS. I think so. I remember he was there, yes.

Mr. HUBBARD. You are telling this subcommittee that the Government of Nicaragua has been able to trace weapons seized just inside the Costa Rican border to foreign sources; one with a point of origin in Miami, Fla., and the other with their origin in Belgium? Is that correct?

Mr. KELLY. Yes.

Mr. HUBBARD. With respect to weapons allegedly originating in Miami, were those weapons identified by serial number?

Mr. KELLY. I submitted for the record the serial numbers of all those weapons, both the ones we captured coming into the border, and the ones taken from the Sandinistas.

[The material is included in the attachments to the statement of Mr. Kelly.]

Mr. HUBBARD. Can you provide those serial numbers for the record, if you have not done so?

Mr. KELLY. I have already done so.

Mr. HUBBARD. Thank you.

Does the Nicaraguan Government have any view as to where the weapons were transported while en route from Miami to Costa Rica?

Mr. KELLY. The ones originating in Miami or Cuba?

Mr. HUBBARD. Miami. Does the Nicaraguan Government have any view or facts as to where the weapons were transported while en route from Miami to Costa Rica?

Mr. KELLY. We believe they were taken to Panama, and then from Panama to Costa Rica en route to Nicaragua.

Mr. HUBBARD. With respect to the second set of traceable weapons, namely, those originally produced in Belgium, would you briefly outline for the subcommittee the chain of custody for those weapons between the time of their production in Europe and their ultimate seizure in Nicaragua?

Mr. KELLY. We know for a fact that they were made for the Cuban Government in 1959. We also believe that they remained in the hands of the Cuban Government until the time that they were given to the Sandinista guerrillas.

Mr. HUBBARD. Do you know how long ago that was?

Mr. KELLY. It could have been anytime from July 1978 until November.

Mr. HUBBARD. Mr. Kelly, do you have any information as to whether or not Venezuela was involved?

Mr. KELLY. Venezuela did provide some weapons. We have some Belgian weapons that are from Venezuela.

On the last board, there is one Belgian-made Venezuelan rifle that has the name of the "Armed Forces of Venezuela" stamped on it, but I believe that they sent a couple of Venezuelan weapons just to throw off the track, so we would never be able to trace the rest of the Belgian-made weapons to Cuba.

Mr. HUBBARD. Is it your testimony that FN rifles were successively in the hands of Cubans, the Venezuelans, and were ultimately transported through Costa Rica into Nicaragua?

Mr. KELLY. No, sir. The Belgian-made rifles for Cuba came from Belgium to Cuba, and from Panama into Costa Rica to Nicaragua.

Mr. HUBBARD. How many weapons were seized in the two-van incident?

Mr. KELLY. Forty Belgian-made rifles, and 70 United States manufactured .30-caliber carbines.

Mr. HUBBARD. When and where were those seized?

Mr. KELLY. On March 13 and 16.

Mr. HUBBARD. This year?

Mr. KELLY. Yes, sir.

Mr. HUBBARD. Has your government seized any weapons of the same type in other incidents of a similar nature?

Mr. KELLY. Not of a similar nature, Mr. Chairman, but in quotes.

Mr. HUBBARD. What is the total number of weapons which the Nicaraguan Government believes to have been introduced into Nicaragua from Panama?

Mr. KELLY. I only have the exact figure of the Belgian-made weapons and carbines.

Mr. PALLAIS. We have information that was given to me by telephone yesterday that from September 1978 to this time, we believe that 2,000 very well armed men have come into the country to fight for the guerrillas, so at least 2,000 pieces of equipment were introduced in the country.

Some of it has been captured already. Some of it is hidden, and some is fighting in places where the Nicaraguan Army is eliminating the guerrillas.

Mr. HUBBARD. Where are they coming from?

Mr. PALLAIS. We believe they are coming from Panama. Panama is handing these guns to the guerrillas. Some of them come from Cuba or some from through Panamanian officials.

Mr. HUBBARD. Have you captured some of the people coming into your country with arms?

Mr. PALLAIS. Some have been captured. In the action that took place some weeks ago where 108 guerrillas were killed, 11 were identified as Panamanians. They had their own identity cards. They had Panamanian weapons, and they were trained by Mr. Spadafora in the International Brigade.

Mr. HUBBARD. Speeding on here, how are foreign weapons introduced into Nicaragua? By air? By sea or roads?

Tell us how weapons have entered your country.

Mr. PALLAIS. We have a long frontier with Costa Rica. It is mountainous. We feel some of it has come through the frontier in many mountainous places.

Some have come from vans and Colonel Ulloa can explain how these were captured, and many have been found in many ways, but they are there.

When you are ready, the Customs Department man who came in from New York could answer any questions that you may have about these vans. He would not make a misstatement. He just arrived from Nicaragua. He was there when the vans were captured, and he can tell you how these were found on March 13 and 16 of this year.

Mr. HUBBARD. Who is that now?

Mr. PALLAIS. Mr. Ulloa from the Customs Department.

Mr. HUBBARD. Como esta usted?

Mr. ULLOA. Muy bueno.

Mr. HUBBARD. That is as far as I can go.

Congressman BAUMAN.

Mr. BAUMAN. I would like to thank you both for your statements.

I would like to establish one point. Both of your statements refer to the capture of 70 M-1 carbines on March 13 and 17. The committee staff has in its possession a list from the U.S. Customs Department with serial numbers of the M-1 carbines that were shipped under the previously testified transaction described by the witnesses from the Department of State and the Office of Munitions Control.

You have provided us with a list of serial numbers of the same weapons that were taken at the border on those two dates. A comparison of these two lists show that the guns shipped from Miami which have since been the subject of a Federal indictment are the same weapons that were captured at your border on those 2 days. The serial numbers do match, is that correct?

Mr. PALLAIS. That is correct.

Mr. BAUMAN. So there is evidence that guns shipped illegally through Panama, through a business which you claim Colonel Rojas has a principal interest in, found their way to the Costa Rican-Nicaraguan border in March of this year?

Mr. KELLY. Mr. Bauman and Mr. Chairman, we would like to ask if we could be provided with that list that has been supplied by the United States Customs officials, because we may make some use of it at the Organization of American States.

Mr. BAUMAN. I will certainly defer to the committee's judgment on that.

It is our understanding it was presented to our staff on the basis that it would not be made public simply because it will be used in legal proceedings, but a comparison of the serial numbers indicate conclusively that they were part of the same shipment that was earlier testified to in this committee hearing.

There was also reference made, Mr. Chairman, in the testimony just given, to Air Panama and one of it's employee's involvement in this transaction.

I would like to ask that at this point we place in the record a memorandum from the staff which indicates the present ownership of Air Panama as recorded in its stock registration, so that we may know precisely who is in charge.

Mr. HUBBARD. Without objection, it is so ordered.

[The material was placed in the hearing files of the committee.]

Mr. BAUMAN. Thank you, gentlemen, and I want to thank you for your testimony.

Mr. HUBBARD. Congressman David Bowen of Mississippi.

Mr. BOWEN. Thank you, Mr. Chairman.

Vice President Pallais, you may or may not know that I have been supportive of your government and very critical of the Sandinistas in statements on the floor, and for that reason I am very much concerned about the charges which you have raised today.

They do, in fact, indicate the possibility that Costa Rica, Panama, Venezuela, and perhaps others could conceivably be in violation of their treaty obligations under the Treaty of Rio or the Organization of American States' Charter and for that reason, it seems appropriate to have this matter pursued by the Organization of American States.

Consequently, I was interested when an OAS meeting was called on Monday at the request of Nicaragua, and I was somewhat puzzled that Nicaragua failed to press any formal charges against Panama.

I do not yet have a transcript of the colloquy that took place at that Organization of American States meeting. They have not yet translated it or prepared it. I would like to put it in the record of this committee meeting when I can obtain a copy in English.

But based on the statements of those who were there, and spoke Spanish fluently, I gather the nature of the debate went along these lines.

The Panamanian Ambassador asked the Nicaraguan Ambassador: "Are you accusing Panama of anything?"

The Nicaraguan Ambassador said, "No, we are not accusing Panama of anything."

The dialog went along, and the Nicaraguan Ambassador indicated his only knowledge of what happened was through press reports, and he was not making any formal charge.

Can you tell us why your country called the OAS meeting and failed to make any charge against Panama, Costa Rica, Venezuela, or any country which you discussed?

Mr. PALLAIS. First of all, that was to this committee. We did not have the authority to show these guns, and we didn't know exactly the tracing of the things until we found out a few days ago on this, and confirmed this, and we had no opportunity to take these guns

unless we got the permission to take those guns to the Organization of American States.

It would be a wonderful thing. I was not there at the meeting of the Organization of American States. The Nicaraguan Ambassador is an intelligent man and has great prestige.

Many things in the Organization of American States are handled through negotiations. The resolution taken there was unanimously approved to give the commission of observers more power to continue in Nicaragua-Costa Rican border problems, and make a report.

Maybe it was a compromise that was done diplomatically sometime.

Also, when the chief of our staff in the Army talked at the Organization of American States, it was almost 9 o'clock when there was a consensus on the resolution. In his presentation he was very clear that Panama and Costa Rica were involved.

He even showed maps. Since I was not there, I had to refer to others to tell me why that was done.

Mr. BOWEN. That would be a much more appropriate forum for providing relief than the one we are in today, since that is the body to which formal complaints would be carried for violation of treaty obligations.

So a number of us who are friends of your government were disappointed that nothing more concrete came from the meeting Monday evening, since it had been called by Nicaragua for the purpose of discussing these purported violations.

Let me ask you another question, Mr. Vice President. I note in your testimony on page 7 that you mention that General Torrijos and President Royo are unfit to operate a canal of such socioeconomic import to the world.

I am sure you are aware that if the U.S. Congress does pass the implementing legislation, then we in the United States will be operating the canal for the remainder of this century.

If, on the other hand, we fail to pass the legislation, or if we pass it and we are in violation of treaty obligations and we default, then certainly that would be the course of action which would enable those two men to run the canal beginning this year, since we would no longer have the right to remain in Panama.

It is quite possible that in the year 2000 neither one of these men might be in a position of importance in Panama. You are aware of that?

Mr. PALLAIS. We are aware of that, yes. We cannot interfere with what decisions will be made by your Congress and your people with regard to the implementation of the Canal Treaty. We have no way of doing that.

Mr. Bowen.

Mr. BOWEN. Do you believe the United States could exercise more influence over the Government of Panama in an attempt to cut back on the activities which you have suggested occurred in your testimony?

If we pull the 10,000 troops out which we have in Panama and the 4,000 civilians who are working for the Panama Canal Company and give the canal to Panama to administer for the remainder of this century and thereafter, an event which would take place if

we failed to pass this legislation, then we would be in no position to influence the course of events in Panama.

Do you not think we could exercise more influence over the Panamanian Government if we kept our forces in Panama and run the canal for the remainder of the century?

That would give us a position to insure its neutrality as well as its openness.

Mr. PALLAIS. It is difficult for me, a foreigner, to interfere in the internal affairs of the United States.

The question I raise is this: Is it proper? They are now fighting Marxist Communist guerrillas aided by the Panamanian Government, where sensitive situations are going on in implementing the canal.

In my mind, it may happen in the future with some other government. It may happen in the future with any other country. This is the only problem I have in my mind.

What I believe very truly is that I think the United States has the power, diplomatically, and the State Department has the power, no doubt about it, to influence these people to behave in their own borders, and not to interfere with other governments that are constitutionally elected.

Mr. BOWEN. As a friend of your Government, I happen to take the view that we might be in a better position to exercise influence on the Panamanian Government if we stay, rather than abandoning the Canal to Panama at the end of this year, which would take place if we failed to pass the necessary legislation.

One final question: I am a friend of your Government. I believe that Panama, Costa Rica, Venezuela, and others should honor their treaty obligations to you, the treaties mentioned earlier.

I presume you believe they should do that, do you not?

Mr. PALLAIS. When we are talking about Venezuela, we are talking about the previous Government of Venezuela. We have nothing proved about the present Government of Venezuela.

We feel they should abide by the Organization of American States Treaty, and we believe if they enforced this resolution truly of the observers, they will observe and report that there has been a Panamanian and Communist infiltration.

Mr. BOWEN. Do you believe that the United States should honor her treaty obligations to Panama?

Mr. PALLAIS. Yes.

Mr. BOWEN. Thank you very much.

Mr. HUBBARD. Congressman Biaggi.

I am sorry; Congressman Bonior would be next.

Mr. BONIOR. Mr. Vice President, you have made some serious allegations here this morning—this afternoon—and you have been here, I believe, to hear the first witnesses testify.

I assume you know that the United States regulates the transfer of arms and military equipment.

Did you know that the U.S. law places restrictions on the resale and transfers by foreign countries of American-supplied military equipment? Is it the policy of your government to observe U.S. laws re transfer of arms?

Mr. PALLAIS. Whenever we have bought guns through your country, we have observed the regulations and law of this country.

Mr. BONIOR. You also know that the United States has experienced considerable difficulty in persuading other nations to respect U.S. laws and international agreements on arms transfer. Despite our best efforts, these violations continue and are frequent. This continues despite assurances of governments that they are complying.

Are you familiar with the trip that was made this year by President Somoza to Kansas City?

Mr. PALLAIS. I knew he was there, but I am not familiar with the details.

Mr. BONIOR. In a press report by La Prensa, May 29, the press report indicated that the Government of Nicaragua is seeking to purchase military equipment in the United States.

Has the Government of Nicaragua acquired, or is it in the process of acquiring for military use, aircraft either in the United States or through arrangements with individual firms in the United States?

Mr. PALLAIS. I believe we cannot acquire any military equipment in this country because we were told so by the United States. We would have to smuggle it. We don't want to smuggle it.

Mr. BONIOR. Are you familiar with the name David Pallishay? There have been reports of transfers, and do you know of any such transfers? And did they purchase any military aircraft?

Mr. PALLAIS. No; I am not aware of any purchase of military aircraft by my country.

Mr. BONIOR. There have been further reports that the Government of Nicaragua, acting through private American concerns, is in the process of acquiring a large number of military aircraft from a foreign government. They indicate it would be acquired by transferring them through a second foreign country.

The purpose of this, supposedly, is to circumvent and go around the U.S. arms embargo on Nicaragua.

Do you care to comment?

Mr. PALLAIS. I have no idea. I don't believe the Government of Nicaragua is trying to buy any military aircraft.

Mr. BONIOR. Are you aware that the U.S. Customs Service is investigating transactions of transfer of several military aircraft to the Government of Nicaragua?

Mr. PALLAIS. The only military aircraft we have were the ones bought from this country many, many years ago. We don't have any type of military aircraft in our country.

Mr. BONIOR. You are not aware of a 1975 transaction in which Cessna Skyhawks were acquired for eight Nicaraguans and then there were other planes in which Mr. Pallishay was involved?

Mr. PALLAIS. It is the first time I have heard of it.

Mr. BONIOR. Are you aware of 40 owned air transports that will be transferred into Nicaragua?

Mr. PALLAIS. I understand that the Government of Honduras has been very, very clear in their neutrality. The Ambassador to the United States stated they will maintain neutrality and the Air Force of Honduras will not interfere with the Sandinista guerillas.

Mr. BONIOR. I raise these questions because they are legitimate in light of the charges that were brought. As I indicated earlier, these violations of our laws and international agreements are going

on. I am not so sure if they are going on on one side that they are not going on on the other. It seems that the point that Mr. Bowen made is an important one. The forum for these discussions ought not to be this committee or Congress. It ought to be the international forums in which we as a country and Panama as a country and Costa Rica and other countries participate.

I would like to pursue this in further hearings and testimony on this issue.

I would like to remind my colleagues that accusations leveled at one side don't necessarily mean there are not similar allegations on the other side. We ought to keep that in mind. We ought to make sure the important business is getting on with the Canal Treaties and getting on where we have a strong President in Panama is the primary purpose in moving forward in this committee and on the important legislation that we will be discussing.

Thank you, Mr. Chairman.

Mr. PALLAIS. Mr. Chairman, may I ask something of Representative Bonior on this aspect?

We have a treaty called Condeka with the Central American Armed Forces so that if we would need the help of other armies in Central America, we can use perfectly well this treaty. It states clearly if we have some arms troubles, we can use them. The Nicaraguan Army has made no move in this respect. We feel we have the strength to combat Communist guerillas. We would like the help of your country so that we wouldn't have 100 guerillas coming through Costa Rica into Nicaragua.

Mr. HUBBARD. Congressman Dornan from California.

Mr. DORNAN. I yield briefly to Mr. Bauman.

Mr. BAUMAN. The gentleman from Michigan certainly has the right to raise questions about any illegal violations which have occurred on the part of the Government of Nicaragua or anybody else.

The question that comes to mind by raising these issues is: Precisely what relevance they have to the situation here in the sense that we are investigating actions by the Government of Panama engaged in violating U.S. laws for the purpose of shipping arms to aid Communist revolutionaries overthrowing a constitutionally elected government in Nicaragua?

The real issue is whether the U.S. Government should be giving arms or military equipment to the Government of Nicaragua to defend itself. Why has our policy changed? We gave this assistance in the past. Could you give us some comment on whether you would be willing to have such assistance from the United States instead of having to seek help elsewhere?

Mr. PALLAIS. Mr. Bauman and Mr. Chairman, of course we are willing. We have been friends for many, many years. We are surprised by the position taken by the State Department. You heard on television that we have been younger brothers and we have been very well behaved. The big brother treated the younger brothers very badly economically and otherwise in this situation.

Mr. BONIOR. It seems fair to me if we will make allegations and charges against one government for violation of international law or American law concerning an area important to us in terms not only of the security of the future, but in terms of the legislation

pending before us, that it is fair and right that we do the same thing in terms of the country that is doing the accusing.

The Customs Service is investigating allegations raised on these issues, so it seems to me that we, as Congressmen and we as the people in this country, if there is violation of any laws, know that this committee has as much right in taking that into consideration as we do the situation presented today by the witnesses before us.

Mr. DORNAN. I reclaim my time.

I will comment on the comments of the gentleman from Michigan, with all due respect to you, Mr. Vice President.

I am not looking at this in the sense of the way Nicaragua looks at it. You are entitled to be outraged. I am looking at it as a violation of the friendship between Panama and the United States of America. There are many of us in this body who do not want to embargo Nicaragua, not that we think your government is perfect any more than you admired our seamy days during the Watergate crisis; however, we should consider the alternatives to what is now happening in Central America. If it ends up like Cuba, the last thing that we want to see is Nicaraguan young men killing black young men on the continent of Africa or Asia. The Cuba involvement there, and the failure of our State Department to bring this to light moves me to hope that this exhibit will be on the floor of the House of Representatives.

I would like to inquire of the chairman about getting these exhibits to the floor. I heard Mr. Bauman and our ranking minority member say it is against the rules, but we allow charts and graphs. Any criminal lawyer will tell you the most important things he brings to a criminal case are exhibits A, B, C, and D.

Could I be informed why it would be against the rules? I have a couple of staff members who offered to carry them, under present security conditions, to the House floor when the debate comes up.

Mr. BAUMAN. Our rules indicate that it is against the rules to wear a hat, smoke, spit on the floor, or carry firearms. They all have similar purposes, which is to preserve the Members' health and existence.

Mr. DORNAN. I have never seen the quality of debate go to the point where people would rush forth with ammunition and make the exhibits lethal.

There is an alternative, which is photographs enlarged.

Mr. KELLY. We do have some blowups of the pictures.

Mr. DORNAN. It would be easier for my staff to carry those. I can assure you I will bring those exhibits to the floor. If the gentleman from Michigan has any evidence of any attempts by Nicaragua to flaunt American will so far as getting civilian aircraft adapted to military use, photographic evidence, be my guest and bring it to the floor.

Mr. BONIOR. I couldn't get an airplane.

Mr. DORNAN. But a photograph of an airplane.

I want to say again to the Vice President, I hope you understand my position.

As obvious as your outrage is, I am looking at this from the vantage point of the United States in dealing with Panama. It brings a titter when we refer to constitutional problems or when

we refer to the Vienna Convention of 1969, which says any treaty is invalid when one party is threatening another.

If you were engaging in a treaty with Panama and they were threatening you, then nobody would laugh at a violation of article 52; and it is certainly a threat to your country to be engaging in gun running and it doesn't make me feel any more comfortable when I see a world mass murderer, Fidel Castro, being embraced by the President of Mexico.

I appreciate your coming here. This debate, thanks to this chairman and the chairman of our major committee and Mr. Bauman and Mr. Hansen, who is not on the committee, and myself, and you members, like Mr. Carney. This is going to be made a major issue in this country.

I appreciate your coming. I know that the Panama Ambassador has been calling my office for 5 days in a row. I am curious to know if it is on this issue. I suspect not.

Mr. HUBBARD. Regarding your request that firearms be exhibited on the House floor on Tuesday when the House takes up this issue, we will ask the staff, especially counsel, to advise us on whether or not this would be in accordance with House rules. It has been said by two or three that the rules do not speak to such exhibits being on the House floor. They probably were not anticipated when the rules were drawn.

Congressman Lowry is next.

At this point, we are going to have to be a little more stringent on the 5-minute rule, if we could. I did not want to start with Congressman Bonior or Congressman Dornan, but at this point, let us resume with the 5-minute rule.

Mr. DORNAN. Would the gentleman yield for just one second?

Mr. HUBBARD. Yes.

Mr. DORNAN. There is a rule against having drugs on the floor, but people have brought packages of opium and other drugs to the floor as an exhibit. I believe with the firing pins removed from these weapons, we could get a favorable ruling. I will ask the Sergeant-at-Arms how that process could be approved. It makes such a graphic representation. Every member of the House of Representatives should see these weapons which result in bloodshed and death on both sides of any conflict.

When I came in, the first thing that hit me were scenes of carnage which I have seen on the streets of Beirut in Lebanon. We don't need that, particularly in the small countries of Central America.

Mr. HUBBARD. Thank you, Congressman Dornan, for your remarks.

Congressman Lowry.

Mr. LOWRY. Thank you, Mr. Chairman.

I believe that the questions that have been asked by yourself, the gentleman from Mississippi, the gentleman from Michigan, have really plumbed this well. It has been very worthwhile. I would add just one more question that Mr. Wyatt and I were asking as we were looking in the direction in which those items were pointed.

I hope somebody checked to make sure they are all unloaded.

I yield back the remainder of my time to the group to ask questions.

Mr. HUBBARD. Mr. Biaggi.

Mr. BIAGGI. Thank you, Mr. Chairman.

I have no questions, but I would like to observe, as my predecessor colleagues have spoken to, that this may not be the proper forum to deal with the matter in depth; but what it does, and that is one of the benefits of this debate and hearing, it highlights the concerns that many members expressed initially with relation to Panama and its conduct currently and prospectively.

It not only reinforces it, but for those who are skeptical, it will enlarge that constituency.

Insofar as making reference to the Department of State as a source for possible solutions and guidelines, my experience is that they engage in double standards so that the conduct is simply reinforced, not only in this area, but in many other areas of the world.

I am hopeful that a firmer position will be assumed by the administration, a single standard by the Department of State, although I don't think I will live to see that day.

Their involvement with selective morality amazes me.

I would like to report what the chairman of this full committee once said: It would be great to have an American desk at the Department of State. He said it in humor, but there was a lot of truth to that. It is infuriating, to say the least, frustrating, to go further, and I don't know just who functions or operates that particular sacrosanct area of our Government, whether it be this administration or another, but the Panamanian situation is one that deals directly with our current concerns, and I am sure that they are reflected in the debate on the House floor.

To that extent, these hearings are most beneficial unless the Department and the United States abandon its present policy of—I am just trying to carefully choose the word—its present policy of abandoning friends, which really strikes at the integrity of our foreign policy; it will continue its downgrade in the family of nations.

It is another clear illustration in Central America and eventually South America will be vulnerable to all of these approaches and all of these sorties by Cuba and its colleague nations.

For myself, I thank you, Mr. Chairman, for these hearings, at least for that, purpose.

To the gentleman, Mr. Vice President, I know you know that the Organization of American States is the more substantial organization. If we do nothing else but highlight the conditions—whether these allegations be completely proved or not, I don't think is that critical—there is no question that there is a course of that conduct in that area that is undesirable.

Thank you, Mr. Chairman.

Mr. HUBBARD. Thank you, Congressman Biaggi.

Now, another voice from the great State of New York, Congressman Bill Carney.

Mr. CARNEY. Thank you.

In the interest of time I would like to associate myself with the remarks of my distinguished colleague from my home State, Congressman Biaggi. I think he summed it up very, very well. I think the words "selective morality" will begin to go around the Hill just

as the expression of having an American desk at the State Department will travel around the Hill.

I hope this Congress will take greater action in the oversight of the State Department. It is known as an oversight Congress. The State Department believes it is the fourth branch of the Government of the United States. I don't understand where the Constitution allows them to do that and not be responsive.

We have gotten more answers from the gentlemen from the foreign nations than the gentlemen from the State Department. Also, representatives of the State Department, an organization which is supposed to act as our outward agent to deal with other countries, in their opening statements, seem to think they weren't welcome here.

As a Member of Congress, I am damned glad that you took the time to come here and enlighten us about the problems you are faced with. I don't associate myself with the opening statement of Mr. Atwood. I don't condone the activities of any nation violating our laws. As far as gun control and foreign nations, there is a difference between one nation violating the laws as pertaining to gun control and taking those weapons and giving them to another country.

If Nicaragua is violating our laws, they are doing it for the protection of their own citizens. When Panamanian citizens do it to disrupt the government in Nicaragua, I take greater exception. I am not condoning any activity where they receive weapons or aircraft or military supplies from the United States.

I have to emphatically state there is a great difference in doing it for your own protection or your nation's protection than doing it to overthrow elected officers of another nation.

Mr. HUBBARD. Thank you, Congressman Carney.

Congressman Hughes of New Jersey.

Mr. HUGHES. I would defer to the gentleman to my right from California.

Mr. HUBBARD. Congressman Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman.

Thank you, Mr. Hughes.

In your statement you say that Cuban guns were taken from bodies of Panamanian nationalist guerrillas in Nicaragua.

How did you identify them as Panamanian and not Cuban or even Nicaraguan? You said they had identification cards. If I were a guerrilla, I wouldn't have a proper identification card.

Were there any other forms of identification?

Mr. KELLY. No. They had other types of identification.

Mr. ANDERSON. Has the Panamanian Government recognized these people as Panamanians?

Mr. KELLY. One only. They did not want to recognize the others because they were former members of the National Guard in Panama.

Mr. ANDERSON. My figures may be wrong. I believe you said out of 108 bodies, 11 were Panamanians.

Who were the other 97?

Mr. KELLY. I am sorry; would you please repeat that about the figures?

Mr. ANDERSON. You said out of 108 bodies there, 24 were Panamanians.

Who were the other 97?

What country were they from?

Mr. KELLY. There was a Chilean, sir, and I don't know the nationality of the rest, sir, but there were Nicaraguans also.

Mr. ANDERSON. Mr. Vice President, you stated the Nicaraguan Government feels the Panamanian nationals have invaded Nicaragua to overthrow the existing Nicaraguan Government?

Why does the Nicaraguan Government—continue to recognize the Government of Panama? Why haven't you at least withdrawn your Ambassador? If you really believe these accusations, I believe, you probably should have taken the action withdrawing the Ambassador.

Mr. PALLAIS. Mr. Chairman and Mr. Anderson, we rely on the OAS, Organization of American States. We have always believed in it.

Since the Organization of American States has had on its floor a special interest on the Nicaraguan-Costa Rican and Panamanian programs with guerrillas, we should not break relations until we have ended all the possibilities of the Organization of States to resolve the problem.

Mr. ANDERSON. One last question for clarification.

In your statement, you drew a parallel to the Allende regime in Chile and the CIA involvement.

In carrying out that parallel, you don't mean the CIA is aiding the Sandinista guerrillas in overthrowing the Nicaraguan Government?

Mr. PALLAIS. No. I was referring to my conversation with the Sandinistas in the National Palace when we were prisoners. I did not say the CIA was involved. That is what they told me.

Mr. ANDERSON. I wanted to make that parallel very clear.

Thank you.

Thank you, Mr. Hughes.

Mr. HUBBARD. Mr. Hughes.

Mr. HUGHES. I thank my colleague and the distinguished chairman for recognizing me even though I am not a member of this subcommittee.

Thank you, gentlemen.

In the statement given by you, Mr. Vice President, and the statement given by Mr. Kelly, you refer to Caza y Pesca as a Panamanian intelligence front in one instance and it is suggested that because of the interest that Col. Manuel Noriega has in that particular organization, that there is some connection to the Panamanian Government making it official.

As you know, as long as there is money involved in the smuggling of weapons, you will have a lot of people participating. We have a tremendous problem with cigarette smuggling in New Jersey. We even find substantial citizens participating at times.

What information do you have about this organization, Caza y Pesca, which would suggest it is a Panamanian front organization?

Mr. KELLY. First of all, we tried to locate that outfit as an existing or operational outfit, and there is not such an outfit by the

name of Caza y Pesca in Panama. It must be, and we know it is, a shell company, what we call a paper company.

Mr. HUGHES. I hate to tell you the number of shell companies we have in this country. We cannot find out who flies many of the foreign flags coming to our ports. That is not unusual.

My question is, what additional information do you have that would indicate that officials of the Panamanian Government are participating in that company, whether it is a shell or whether it is a live company?

Mr. KELLY. We have no additional information aside from the fact that in that paper company, Colonel Noriega is involved.

Mr. HUGHES. You indicate he figures as a principal shareholder. What do you mean by that?

Mr. KELLY. I would have to get into the Panamanian bylaws of the corporation. You can have just one or two shareholders in the Panamanian corporation. I don't recall right now, but the name of Colonel Noriega was in the corporation.

Mr. HUGHES. Are there any other officials in Panama that are particular members of that corporation?

Mr. KELLY. No.

Mr. HUGHES. You don't know what "principal in essence" means? You don't know what his holdings are or whether he is a nominal shareholder or what his interests are?

Mr. KELLY. I do not have the specifics, sir.

Mr. HUGHES. Just one additional question.

You are not suggesting that other types of weapons from other countries are not coming into Nicaragua, are you?

Mr. KELLY. I did mention in my statement the fact that weapons like the ones displayed on the table and on this first board, the French rocket launcher, the Chinese-made rocket launcher, and the assortment of heavy machine guns on the table, we know for sure that at least—let me take it back.

We have information that those pieces of equipment were acquired by a group in Panama called the Defensores de Panama. We only have their post office box address, which is Box 1824, Panama City, Panama, and also we have the name of the arms dealer for this group. His name is Debenord, D-e-b-e-n-o-r-d. This is information we are supplying in case you want to go on with this investigation.

Mr. HUGHES. Thank you very much, Mr. Kelly.

Mr. BIAGGI. Would you yield?

Mr. HUGHES. I will be happy to.

Mr. BIAGGI. Just the question of identifying this one principal, Col. Manuel Noriega.

Who was he?

Mr. KELLY. Chief of G-2 in the Panamanian Army. G-2 stands for the intelligence section.

Mr. BAUMAN. Would you yield?

The committee staff has in its possession, and there have also been public press accounts, of the evidence and testimony of the agents of the Bureau of Alcohol, Tobacco, and Firearms, on which the indictments in Miami have been based. In that indictment by Federal agents, the president is identified as Carlos Whitgreen and further identified as an intelligence agent for Panamanian G-2,

and the ATF also identifies the other person indicted, Mr. Alvarez, who is a close associate of Colonel Noriega.

Mr. HUGHES. An indictment is merely an accusation. It is far from establishing the facts. Even the affidavit referring to some connection to the Panamanian Consul, once again, is only an allegation that a man has been arrested and there is some tie to the Panamanian Consul. I don't know whether it is true or false. I don't think the committee can determine the truth of any of these accusations.

Perhaps we are on perilous grounds by pursuing it too much, because we have active and live indictments and, presumably, a trial will follow.

But the point I am trying to make is that I don't see the connection you suggested. There certainly is enough for this government to take a look at its handling of the matter and perhaps for your country to pursue the matter through the Organization of American States; and I think my colleague from Mississippi is right on target; other members have said the same thing, that the OAS is the proper forum.

All I can say is that it is going to be an interesting debate on Tuesday.

Mr. HUBBARD. Thank you.

Mr. Hansen from Idaho.

Mr. HANSEN. Since the dialog centered on this, I want to refer the committee to a recent newspaper article in the Miami Herald by reporter Crankshaw, who was very much involved with the operation from the start.

This concerns 1,000 weapons being shipped to a hunting and fishing club in Panama and a statement by Colonel Noriega that this is a G-2 operation.

I will supply a copy of this for the record. It is difficult to say that the G-2 wasn't up to its eyes in this particular thing.

[The article may be found on p.—]

Mr. HANSEN. I might ask one question of the witnesses.

You said that the Firestone Co. trucks were picked up at the Costa Rican-Nicaraguan border and there were a number of firearms involved, many of which were identified as coming from Miami to some of these purchasers that we are discussing today, from people who apparently were on the Panamanian payroll and also mingled with them were FLN weapons which are known to be exclusively Cuban and these were all in the same shipment; is that correct?

They were all commingled? Is this what we can be led to believe?

Mr. KELLY. That is correct, in two shipments.

Mr. HANSEN. Were they separate or were they commingled?

Mr. KELLY. No, sir. There was a blend of different weapons.

Mr. HANSEN. Were there any other nationalities represented besides Cubans and Americans?

Mr. KELLY. The Chinese made the rocket launchers; the French made the rocket launchers, and there were some German machine guns.

Mr. HUBBARD. Congressman Lagomarsino from California?

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

I appreciate your allowing me to participate even though I am not a member of this committee. I was at one time.

Mr. Vice President, you said your life had been threatened by the Sandinistas; is that correct?

Mr. PALLAIS. That is correct.

Mr. LAGOMARSINO. Later, you said that several attempts had been made on your life?

Mr. PALLAIS. Yes, sir.

Mr. LAGOMARSINO. When did those occur?

Mr. PALLAIS. The last one was about a month and a half ago. They put 480 candle of dynamite, around 260 pounds of dynamite where I go out of my house. They called the operation "Operation Astronaut," which I find a very cynical name.

[Laughter.]

Mr. PALLAIS. And, fortunately, they found the terrorists who were going to blow it through an electric connection around 7:30 in the morning and there was some shooting and two of them got killed. They would have blown not only us, but many, many homes.

Mr. LAGOMARSINO. Lots of astronauts?

Mr. PALLAIS. Yes.

Mr. LAGOMARSINO. I for one certainly appreciate your being here. Your government does have a problem and whether we relate to it or not, it is something that our State Department should be paying a great deal more attention to than apparently it has.

I would also like to commend the gentlemen from New York, and my good friend, Mr. Biaggi, for his statement about the double standards of the State Department and selective morality.

I don't know if the gentleman was present when we had the State Department authorization bill on the floor a month or so ago. I did suggest, and would have offered, an amendment to create an American desk in the State Department; and I discussed it. I never offered the amendment because I was afraid it would be accepted and I am not sure what the effect would be.

Mr. HUBBARD. Thank you very much, Congressman Lagomarsino. Please give us your correct title.

Mr. PALLAIS. I am Vice President of the Congress and also I am the spokesman for the Liberal Party, which is in power.

Mr. HUBBARD. To you, Vice President of the Congress Pallais, Max Kelly, Secretary to the President, we say thank you very much for your helpful testimony and to the Nicaraguan customs official Ulloa, hasta la vista.

Mr. ULLOA. Thank you very much.

Mr. HUBBARD. That is the most I can say.

The second bells have rung. We have two extremely interesting witnesses to follow, Mr. Richard J. David, assistant secretary of the Treasury for Enforcement and Operations, who has some interesting testimony to present to us. He will be followed by Eugene W. Gleason, investigator for the Merchant Marine and Fisheries Committee, whose testimony is likewise very interesting and that testimony will be followed by a few Members of Congress who wish to testify.

The members of the subcommittee have urged me to continue. We will take a 25-minute recess and reconvene at 2 p.m.

[The following was received for the record:]

STATEMENT OF MAX KELLY, SECRETARY TO HIS EXCELLENCY, THE PRESIDENT OF NICARAGUA

I welcome this opportunity to present to this distinguished subcommittee evidence which conclusively shows the direct involvement of the Governments of Cuba and Panama in the present violence in Nicaragua.

Quantities of FAL 7.62 cal Belgian-made rifles manufactured by Fabrique Nationale d'Armes de Guerre and sold only to Cuba have turned up in the hands of Sandinistas in Nicaragua. These weapons quite clearly have been supplied by Cuba and shipped to Panama.

On March 13 and 16, two vans were intercepted on the Costa Rica-Nicaragua border. Seized were 49 FAL 7.62 cal rifles found in false compartments. In addition, 181 identical rifles have been captured from the Sandinistas.

In 1963, the Cuban Government of Fidel Castro supplied similar rifles to terrorists then attempting to overthrow the Venezuelan Government of Romulo Betancourt. In response to a complaint from the Venezuelan Government, the Organization of American States (OAS) carried out an exhaustive investigation and from the findings of this body, we see today that the guns captured from the Sandinistas by the Nicaraguan National Guard are identical to those provided by Fidel Castro to the Venezuelan terrorists.

In accordance with the final report of the group of military advisers of the investigating committee of the OAS, a copy of which I am submitting for the record, the following are the characteristics of these Belgian rifles:

1. This specific model of the FAL was supplied to only three countries: Cuba, Ecuador and Chile.

2. In each case, the national emblem of the country was engraved on the back part of the right cheek of the action box except that the actual positioning in each of the three cases was different.

3. The rifles taken from the Sandinistas show the national emblem to have been erased or cut out precisely where the national emblem of Cuba was originally stamped.

4. The FAL rifles sold to Cuba carried the serial numbers on the left-hand side of the action box. Those rifles sold to Chile and Ecuador carried the serial numbers on the right-hand side.

5. The rifles captured from the Sandinistas have a long mounting bolt for the flash suppressor, whereas those to Chile and Ecuador were short.

In an affidavit filed December 6, 1963 by the Fabrique Nationale d'Armes de Guerre, FN it clearly and categorically states that rifles with the characteristics noted above were sold only to the Government of Cuba.

Mr. Chairman, yesterday I submitted FAL rifles taken from the Sandinistas to an arms expert at the U.S. Bureau of Alcohol, Tobacco & Firearms. This expert concurred that the rifles being displayed here today are identical to those referred to in the Fabrique Nationale affidavit as having been purchased by the Cuban Government in 1959.

It may come as a surprise to the members of this subcommittee Mr. Chairman, to learn that identical FAL rifles to those taken from Sandinistas have been used by Fidel Castro's forces in Africa, especially in Angola.

Mr. Chairman you may ask what is the Panamanian connection with these Cuban rifles. From our intelligence source we know that the route taken was precisely through Panama as shown by the fact that 49 of these FAL rifles were found alongside 70 U.S. manufactured M-1 carbines purchased by Panamanians and found in the two vans intercepted in March, as mentioned earlier. I will deal with these U.S. manufactured carbines further on.

It is also a fact that some of these rifles, I refer to the Belgian rifles were taken from Panamanian nationals killed in Nicaragua while fighting in the international brigade of mercenaries recruited by Hugo Spadafora, former vice-minister of health and former roommate of President Aristides Royo.

In the same two vans intercepted on March 13 and 16 mentioned earlier, Nicaraguan customs officials at Peñas Blancas also discovered substantial quantities of other weapons and materiel. Included were 90-.30 cal M-1 carbines. Seventy of these M-1 have been traced to the Universal Firearms Corp. of Florida and Johnson Arms of New Jersey. Records now show that these carbines were part of a shipment of 150 M-1-.30 cal carbines exported by Public Safety Corp. According to a permit of January 24, made out to James Allen Howell and Jose Antonio Alvarez of Miami, these carbines were exported to Caza Y Pesca S.A. (hunting and fishing) in Panama, of which Col. Manuel Noriega head of the Panamanian G-2 intelligence, figures as a principal shareholder.

On May 15, the U.S. District Court of the southern district of Florida indicted Jose A. Pujol, Miami air cargo manager for "Air Panama", Jose Antonio (Tony) Alvarez, a Miami gun dealer and exporter, Carlos Wittgreen, president of Caza Y Pesca S.A., a Panamanian company, James Allen Howell and Walter Donald McComas of Miami.

This indictment is in connection with the purchase and delivery of arms between September 1978 and January 1979 and which include hundreds of .30 Cal M-1 carbines purchased from the Universal Firearms Corp. of Florida. According to the affidavit filed by special agent Donald R. Kimbler of the U.S. Bureau of Alcohol, Tobacco and Firearms of Miami, Florida, Jose Pujol on September 22, 1978 told the Garcia National Gun Shop that he would be ordering firearms in quantities amounting to two million dollars. He said the weapons were going to "Nicaraguan guerrilla forces."

On November 10, 1978, special agent Kimbler interviewed Edgardo Lopez, then consul of Panama in Miami. According to the Atf affidavit, consul Lopez had stated that he had been involved in at least seven firearm shipments with Jose Pujol and Jose Antonio Alvarez, and that he received his instructions from an official of the Panamanian G-2 intelligence agency in Panama.

On May 11, 1979, President Aristides Royo of Panama said in Washington, D.C. that Lopez had been removed as consul on October 11, 1978, U.S. State Department records show, however, that Edgardo Lopez was only replaced in January 1979 and was still acting consul at the time he was interviewed by Atf agents on November 10, 1978.

Mr. Chairman, I have presented to this distinguished subcommittee the conclusive evidence that the governments of Cuba and Panama are supplying Belgium-made Fal rifles and U.S. made M-1 carbines to the Sandinistas in Nicaragua.

As to the many the weapons which are shedding the blood of Nicaraguans such as German machineguns, French and Communist Chinese rocket launchers, I do not have the same conclusive evidence.

Nevertheless, should the U.S. State Department consider looking into this matter, they might start with "Defensores de Panama", P.O. Box 1824, Panama, Panama and the name Debenord.

While the Panama Government might suggest that this trafficking is the concern of individuals, it could hardly take place without the knowledge and tacit approval of a responsible government.

CARBINES CAL. 30 M-1

| <u>NUMBER</u> | <u>NUMBER</u> | <u>NUMBER</u> | <u>NUMBER</u> |
|---------------|---------------|---------------|---------------|
| AA-03276 | AA-03768 | AA-02914 | AA-03240 |
| AA-03241 | AA-03202 | AA-03218 | AA-03180 |
| AA-03229 | AA-02924 | AA-02888 | AA-03931 |
| AA-03375 | AA-02580 | AA-03249 | AA-03263 |
| AA-02869 | AA-03251 | AA-03327 | AA-03704 |
| AA-03732 | AA-03232 | AA-02868 | AA-02918 |
| AA-03214 | AA-03214 | AA-03369 | AA-03228 |
| AA-03371 | AA-03207 | AA-03030 | AA-03084 |
| AA-02435 | AA-03161 | AA-02923 | AA-03321 |
| AA-03110 | AA-03190 | AA-02941 | AA-02937 |
| AA-03270 | AA-02907 | AA-03244 | AA-03274 |
| AA-02594 | AA-03223 | AA-02607 | AA-02897 |
| AA-03360 | AA-03246 | AA-03209 | AA-03242 |
| AA-02935 | AA-3247 | AA-02970 | AA-03366 |
| AA-03072 | AA-03329 | AA-03142 | AA-03325 |
| AA-03182 | AA-03358 | AA-03201 | AA-03237 |
| AA-02533 | | | |

3 carbines CAL 30 M-1 Numbers errased.

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| <u>NUMBER</u> | <u>NUMBER</u> | <u>NUMBER</u> | <u>NUMBER</u> |
|---------------|---------------|---------------|---------------|
| 361840 | 366459 | 373692 | 361557 |
| 361764 | 373351 | 366474 | 363421 |
| 373621 | 366396 | 366423 | 361822 |
| 373390 | 366471 | 373306 | 361892 |
| 366452 | 373613 | 0577 | 366462 |
| 373629 | 361937 | 5265377 | 373541 |
| 4049410 | 66469 | | |

NUMERO DE SERIE DE FUSILES AMETRALLADORES - FAL -
EN 7.62 MM - CAPTURADOS AL F.S.L.N. EN DIFERENTES PARTES DEL PAIS.:

RIFLES FAL CALIBRE 7.62.

| | | | | |
|------------|------------|------------|------------|-----------------|
| 27536 | 16776 | 30533 | 2493 | 15946. |
| 11503 | 4319 | 17337 | 1025 | 073. |
| 817 | 4720 | 14155 | 3893 | 17636. |
| 11534 | 6292 | 3529 | 15304 | 5766 |
| 10105 | 27648 | 19656 | 13295 | 11865 |
| 30833 | 19358 | 15250 | 16120 | 18614 |
| 18264 | 19807 | 13113 | 16105 | 11443 |
| 2049 | 5304 | 29034 | 18159 | 13239 |
| 14029 | 8399 | 13602 | 12188 | 2363 |
| 15911 | 5032 | 16450 | 14053 | 9864 |
| 070 | 18825 | 12096 | 5820 | 30036 |
| 17123 | 6520 | 4512 | 21350 | 20637 |
| 23576 | 15737 | 13074 | 26303 | 5324 |
| 21213 | 21295 | 23311 | 12105 | 30303 |
| 16546 | 25370 | 3845 | 19307 | NUMERO BORRADO. |
| 1135 | 30909 | 3566 | 19362 | NR-BORRADO. |
| NR-BORRADO | NR-BORRADO | NR-BORRADO | 19474 | 504 |
| NR-BORRADO | | 4569 | | |
| 18663 | 1886 | 21005 | 28741 | 2547 |
| 12921 | 20319 | 18962 | 19037 | 123 |
| 7523 | 22976 | 1204 | NR-BORRADO | NR-BORRADO. |
| NR-BORRADO | 11472 | 10323 | | |

(55) RIFLES FAL CAL. 7.62. NUMEROS:

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|-------|-------|-------|--------|-------|
| 18685 | 11631 | 19051 | 6335 | 27944 |
| 21893 | 7886 | 2049 | 21754 | 6269 |
| 7039 | 11819 | 27831 | 23088 | 22738 |
| 25635 | 9194 | 22173 | 19188 | 14650 |
| 11865 | 25374 | 21382 | 2493 | 16093 |
| 22509 | 14494 | 17794 | 22202 | 16530 |
| 18859 | 16202 | 3171 | 19193 | M-611 |
| 475 | 123 | 02 | 03 | 04. |
| 05 | 06 | 07 | 08 | 09. |
| 10 | 11 | 12 | 13 | |
| 13519 | 1662 | 12440 | 8269 | |
| 27955 | 6233 | | | |
| 27332 | 12440 | 15051 | 26271. | |

NOTA: EXISTEN 17 FUSILES DE ESTE TIPO CON EL NUMERO BORRADO.

CALIBRE

STATEMENT BY THE HON. LUIS PALLAIS

Mr. Chairman, I welcome this opportunity to meet with this distinguished subcommittee on a matter of such portentous importance to my country and the world.

Nicaragua is under a relentless attack by international Communism led by Cuba and Panama. Those who refuse to recognize this reality and see the present crisis and turmoil in Central America only as a product of national and socio-economic issues are blind to history and the evidence so clearly revealed by events.

Let us briefly review some of this evidence. My country, Nicaragua, has been a victim of 20 years of Soviet-Cuban subversion and terrorism with the coming to power of Fidel Castro in 1959. From that time onward, world Communism has sought to overthrow the constitutionally elected and successive governments of Nicaragua to impose Marxism on the people of Nicaragua, a system the people totally reject.

The Frente Sandinista de Liberación Nacional (FSLN) terrorist movement is the principal armed force by which the USSR-Cuba are attempting to achieve this objective. The Sandinista leaders have been trained and indoctrinated in Cuba and the Soviet Union. The Castro regime has provided weapons, financial and logistical support and open sanctuary for Sandinistas fleeing Nicaragua after carrying out terrorist actions.

Such has been the flagrant involvement of Cuba in this ongoing campaign that it has now become politically (and logistically) expedient for Cuba to move the front line base of operations to Panama.

On coming to power in 1959, Fidel Castro immediately targeted two countries for takeover: Panama and Nicaragua. As a result, Panama is today a Marxist enclave on the isthmus through the treachery of the present leaders of that nation. The Panamanian people have been betrayed from within.

Nicaragua has proved to be much more difficult. In August 1978, the Sandinistas carried out a sneak assault on the National Palace in Managua, killing five and holding almost the entire legislative body and 1,500 ordinary citizens hostage for 45 hours. Following the negotiated release of 59 fellow Sandinista terrorists from prison and a half million dollar cash ransom, these terrorists were flown as they demanded to Panama. Many shortly reappeared in Cuba.

From that moment, Panama openly has become the continental haven for bloody terrorists and a base for recruiting, re-equipping and training of terrorist forces determined to take over Central America on behalf of international Communism.

Over the intervening months since that August 1978 assault on the National Palace in Managua, scores of Sandinista terrorists have been flown to sanctuary in Panama aboard Panamanian Air Force aircraft; their leaders flown to other countries in the region including Cuba, and Venezuela (government of Carlos Andrés Pérez) as part of the operations to recruit for and reorganize their terrorist operations.

On August 30, 1978 Marxist terrorist leaders Eden Pastora and Dora Maria Téllez were flown back to Costa Rica aboard a Panamanian military aircraft to meet with Costa Rican President Rodrigo Carazo.

On September 10, 1978, Twenty-two Sandinistas arrived in Havana, Cuba from Panama and were met and feted by high officials from the Central committee of the Communist Part of Cuba and Panamanian Ambassador Miguel Brugerías. On September 15, 1978, Panama dispatched 4 helicopters to Costa Rica to support action against Nicaragua.

On September 27, 1978, Sandinista leader Tomas Borge arrived in Havana from Panama and reported to Fidel Castro on the terrorist operations in Nicaragua.

On the same day, Jorge Aparicio, former ambassador of Panama to Algiers, confirmed that several former members of Panama's government are among the volunteers enrolled in the Communist International brigades of mercenaries being trained and equipped in Panama.

On November 28, 1978, the Associated Press reported that "generally reliable intelligence sources show Panama as a possible conduit for Cuban-financed aid and weapons in the struggle to overthrow the anti-Communist government of Nicaragua."

December 28, 1978, former Panamanian Vice Minister of Health, Hugo Spadafora, confirmed that 20 experienced Sandinista guerrillas were in Panama the day the U.S. Senate voted on the ratification of the Canal Treaties, prepared to blow up the Canal with Panamanian troops under the command of General Omar Torrijos.

January 18 of this year, General Omar Torrijos while visiting Carlos Andres Perez Publicly stated "there are more arms than men" available for the attack on Nicaragua. He admitted that Panamanians are fighting the Somoza Government.

On March 13 and 16, two vans equipped with false compartments were intercepted at Peñas Blancas on the Costa Rican-Nicaraguan border by the Nicaraguan National Guard. Seized were 90 M-1 carbines, 34 FAL rifles, and large quantities of ammunition and materiel. 70 M-1 carbines were traced to Universal Firearms Corp. of Florida and Johnson Arms of New Jersey, manufacturers of these weapons, and which had been shipped to Caza y Pesca S. A. in Panama, a G-2 Panamanian Intelligence front.

Investigations by a U.S. federal agency, the Bureau of Alcohol, Tobacco and Firearms, revealed in an affidavit filed in the Miami Federal Court on May 1, the complicity of the Panama Government in the purchase of these arms for the Marxist Sandinistas.

Panama President Aristides Royo in Washington, D.C. on May 11, said "... if I am going to smuggle arms, as a head of government, in my account, we have planes in the Panamanian Air Force." The use of Panamanian Air Force aircraft on behalf of the Sandinista terrorists has for some time now been a well-documented fact.

What is less well known is the direct involvement today of the Fidel Castro government of Cuba in the present turmoil in Nicaragua. On May 30, the Nicaraguan Foreign Ministry quoted reliable sources as reporting the landing of a Cuban aircraft of Russian manufacture, an Ilyushin 62, in Panama, from which some two hundred fully equipped men disembarked and boarded Panamanian Air Force trucks. On the same day a four-engined aircraft painted yellow with a red star on its tail was impeded from landing near Siuna in northeast Nicaragua to give support to Sandinista terrorists attacking U.S. owned gold mines. It was later seen at the Rio Hato Air Force base in Panama.

Nicaraguan Intelligence reports that on June 4 a Panamanian Air Force plane landed at the Liberia airport in northern Costa Rica and discharged men and materiel for the beleaguered Sandinista terrorists fighting the Nicaraguan National Guard at "El Naranjo" just across the border in Nicaragua.

The flow of automatic weapons from Cuba through Panama to the Sandinista terrorists has now been fully established. Over 150 FAL Belgian-made rifles have been captured from the Sandinistas and traced by their special characteristics and markings to those originally sold to the Cuban government by the Belgian manufacturers. A quantity of these rifles were taken from the vans intercepted on the Costa Rica-Nicaragua border on March 13 and 16 of this year. These are the same two vans from which 70 M-1 carbines were found, which had been bought by the Panama government for the Sandinista terrorists. The conclusive evidence of the origin of these weapons will be given by Mr. Max Kelly in a statement to follow:

Mr. Chairman, the evidence is endless. The present turmoil in Nicaragua is being provided by Cuba and Panama with the hypocritical complicity of Costa Rica. Blatant recruiting for the international brigades of mercenaries in the government-backed press in Panama and the wanton use of Costa Rica as a conduit for Cuban-Panamanian sponsored men and arms to launch, with impunity, repeated attacks against the government and people of Nicaragua is a matter which should be of the gravest concern to the government and people of the United States.

The inordinate size of the Cuban Embassy in Panama and the Soviet Embassy in San José, Costa Rica, is totally out of proportion to existing formal trade and cultural ties, is yet another clear indication of the extent and penetration of Soviet-Cuban influence in Central America.

At this present time innocent Nicaraguan blood is being spilled in the fighting now taking place on Nicaragua's borders with Costa Rica. There are no words to express the miserable cynicism of the Costa Rican Government which in an unnatural alliance with Panama and Cuba, is attempting the overthrow of another Central American Government.

The complicity of Panama in the present attempt to destabilize an established and recognized government—a user of the Canal for a major percentage of its foreign trade—raises the critical question of whether the Canal should be entrusted to the current leaders in Panama. I agree with President Somoza who has called Panama's interference in the internal affairs of Nicaragua the height of irresponsibility and cynicism and has stated that General Torrijos and President Aristides Royo are unfit to operate a canal of such socio-economic importance to the world. Is it possible that these people will comply with the neutrality provisions of the treaty?

In this face of this open aggression against Nicaragua, the U.S. State Department is silent. On the other hand, the political and economic aggression by the U.S. State Department against the Government of President Anastasio Somoza is a matter of record.

On November 28, 1978, State Department spokesman Hodding Carter, referring to reports that Cuba and other governments had been supplying weapons to the

Sandinista National Liberation Front, said "We have raised these concerns with Cuba and other governments." On May 11 of this year, Panamanian President Royo said in Washington, D.C. that he had received no pressure from the U.S. to stop "any kind of aid" to the Nicaraguan terrorists.

Two days ago, on June 4th, the United States delegate to the Organization of American States stated formally before that body: "We condemn external intervention in the Nicaraguan situation if such be proven."

The conclusive evidence which we are submitting to this committee today proves that there is external intervention by Cuba and Panama.

This foreign involvement in Nicaragua is internationalizing the present violence. Fidel Castro has clearly embarked on reckless adventurism in Central America which will eventually threaten the very security of the United States.

Mr. Chairman, if Nicaragua were to fall to the Marxists, so surely will all the Central American region. The Soviet Union will then control the entire area from the strategic Panama Canal to the oil wells of Mexico and the U.S. will surely come to rue the day it lacked the resolve to contain this expansion of Soviet imperialism on this continent.

Mr. Chairman, may I finish on a private note. I was a hostage during the Sandinista terrorist takeover of the National Palace in Managua in August 1978. At gunpoint I transmitted by telephone the demands of the terrorists to the government.

During a lull in negotiations, I had the opportunity to discuss politics with the terrorist leaders, and out of these conversations I know that we are dealing with unremitting Marxists who reject any and all peaceful and political solutions to resolve the differences in Nicaragua. Their prime objective is to destroy the National Guard and replace it with a Castro-style people's army in the full awareness that only by this means will they be able to subjugate the Nicaraguan people and impose upon them a Marxist system.

I was told then, and again at the airport when those terrorists left Managua to fly to sanctuary in Panama, that I am a condemned man in their eyes. Since then, repeated attempts have been made on my life. I fear them not. But let me go on record that should they succeed, I hold those who support this Marxist terrorism responsible for my death.

FINAL REPORT OF THE GROUP OF MILITARY ADVISERS
OF THE INVESTIGATING COMMITTEE OF THE COUNCIL OF THE ORGANIZATION
ACTING PROVISIONALLY AS ORGAN OF CONSULTATION

(Resolution adopted on December 3, 1963)

FINAL REPORT OF THE GROUP OF MILITARY ADVISERS
OF THE INVESTIGATING COMMITTEE OF THE COUNCIL OF THE ORGANIZATION
ACTING PROVISIONALLY AS ORGAN OF CONSULTATION

I. INVESTIGATION TO ESTABLISH THE ORIGIN OF THE MATERIEL FOUND IN PUNTA
MACAMA OR MACAMBA

A. Inventory

The materiel found in Punta Macama or Macamba consisted of:

- 81 Automatic rifles, F.N. (F.A.L.) 7.62 mm Cal. NATO. (Fabrique Nationale d'Armes de Guerre - Belgique).
- 996 Clips for automatic rifle F.N. (F.A.L.)
- 20,000 Cartridges, 7.62 mm Cal. NATO, ordinary ball, F.N. 1958 and 59.
- 81 Clip carriers for automatic rifle F.N. (F.A.L.) with 12-clip capacity each.
- 81 rifle slings for automatic rifle F.N. (F.A.L.)
- 28 Bayonets for F.N. (F.A.L.) automatic rifle.
- 31 Submachine guns, "UZI" 9 mm. Cal. L.P. (Fabrique Nationale d'Armes de Guerre - Belgique).
- 89 Clips for "UZI" submachine guns.
- 25 Canvas clip carriers for "UZI" submachine guns with 12-clip capacity each.
- 1,144 Cartridges, 9 mm Cal., L.P. F.N. (1960).
- 5 60 mm M2 mortars with legs, base plates, and sights, Serial numbers of the sights are 47756, 73177, 99285, and 125774, the others are unknown. Of the mortars two are marked M2 READCO 1943 (USA); one is marked KVS MFG & ENG. CO. 1945 (USA) and the identity of the other has been obliterated.
- 97 60 mm mortar shells, with propulsive and incremental charges and fuses packed in individual cases. 56 of the shells are marked Lot SRD 500-14; 4 marked Lot SRD 500-10; 7 marked Lot SRD 500-1; 6 marked Lot MA 1-112; 21 marked Lot MA-1-183, and 3 are without lot number. Shells marked Lot SAD 500-14 in 7 boxes for storage, 3 marked Sublot 7; 2, subplot 6; 1, subplot 8; and 1, with identification obliterated.
- 4 Knapsacks of pasteboard and canvas with capacity for five shells each.
- 20 3.5" rocket launchers (bazookas), M20, of which 10 are marked S.A.P.R.I. and S.J.S. One of the S.J.S. launchers has an Italian grip.
- 275 Rockets (bazookas) 3.5" M28A2 marked 167, Lot SZA-1-44; 42, Lot COP-4-802; 32, Lot COP-4-724; 28, Lot, COP-5-15-12-21; and 6, Lot SZA-1-58.
- 9 57 mm recoilless rifles, M18A1. Serial numbers 20765, 22917, 7815, 20771, 21133, 11044, 6085, 23054, and 4148.
- 177 Shells for 57 mm recoilless rifle marked 99, HE Lot LOP-13-54; 2 HE Lot LOP-13-118; 1, HE Lot LOP-16-18; 46, HEAT Lot LOP-2-80; 20, HEAT Lot LOP-2-18; 8, HEAT Lot LOP 2-16 and 1, WP SMOKE 57 Lot OAP-2-18.
- 2 Tripod carriers for light machine gun marked HMR Mount Tripod CAL 30 1946 and RIP ALM2 LVD 1942, respectively.
- 85 Canvas suspension belts.

- 700 .50" cal. cartridges in seven (7) metal boxes each with belts of 100 cartridges. 500 1956 cartridges and 200 1958 cartridges.
- 28 Demolition blocks M3 (C3 Composition) prepared without caps.
- 39 Demolition charges M3 (C3 Composition) marked INTERSTATE MIDDLETOWN, O.
- 1 16-foot aluminum boat, Alumacraft Boat Company, Minneapolis, Minnesota, Model F.
- 1 40 H.P. outboard motor, Model RDS-25D, Serial No. C 357809, with gasoline tank of 6 U.S. gallons capacity, Johnson, Peterborough, Canada.

B. Armament seized in antiguerrilla operations

The Group of Military Advisers inspected various arms seized by the Guatemalan authorities in operations against guerrillas. These arms represent different kinds of materiel of the kind normally used by irregular military forces and were in no way similar to those found at Punta Macama or Macamba.

C. Analysis of the materiel

1. Automatic rifles, F.N. (F.A.L.) 7.62 mm Cal. NATO (Fabrique Nationale d'Armes de Guerre - Belgique).

For the purpose of avoiding identification of their origin, the right side of the magazine case had been perforated at the spot where presumably the coat of arms of the country of origin was stamped, while the serial numbers on the various parts were obliterated.

The committee has evidence that the only country to which arms possessing the characteristics similar to those found is Cuba. (Affidavit of the Fabrique Nationale d'Armes de Guerre Belgique, in the possession of the committee).

2. Submachine guns, "UZI" 9 mm. Cal. L.P. (Fabrique Nationale d'Armes de Guerre - Belgique).

For purposes of avoiding the identification of their origin the serial numbers had been removed from the different pieces of the weapon, and the area where presumably the coat of arms of the country of origin had been stamped was erased.

Laboratory experiments carried out, some of them in the presence of the committee, made it possible to show on several of these weapons the coat of arms of Cuba, the legend EJERCITO DE CUBA (CUBAN ARMY), and the corresponding serial numbers.

3. 60 mm mortars, with their mounts and base plates.

In order to prevent the identification of the origin, the serial numbers on the different pieces of the weapon had been erased.

The committee has evidence that a shipment of arms of this type and model was sent by the United States to Cuba in 1957. (Documents in the possession of the committee).

4. Rocket launchers (bazookas), 3.5" Cal., M20 (S.A.P.R.I.) -(Italy)..

In order to prevent identification of the origin, the serial numbers on the different pieces of the weapon had been erased.

The Committee has evidence that a shipment of weapons of this type and mark was sent by Italy to Cuba in December 1959. (Document in the possession of the committee).

5. Rocket launchers (bazookas), 3.5" Cal., M20 (S.J.S. - U.S.A.).

In order to prevent identification of their origin, the serial numbers on the different parts of the weapon had been erased.

The committee has evidence that weapons of this type and model were sent by the United States to Cuba in 1956 and 1957 as part of the Military Aid Program. (Documents in the possession of the committee).

6. Rockets (bazooka), 3.5" M28A2, Lot COP-4-802.

The committee has evidence that this lot of rockets was shipped by the United States to Cuba in 1957 as part of the Military Aid Program. (Documents in possession of the committee).

7. 57 mm recoilless rifles, M18.

The committee has evidence that weapons of this mark and model were sent by the United States to Cuba in 1957. (Documents in possession of the committee).

8. Shells for 57 mm recoilless rifle, Lot LOP-13-54.

The committee has evidence that this lot of shells was sent by the United States to Cuba in 1957 as part of the Military Aid Program. (Documents in possession of the committee).

9. 40 H.P. outboard motor, Johnson, Model RDS-25D, Serial No. C 367809.

The Committee has sufficient evidence to support the statement that this motor was sent by a Montreal exporting firm to Havana on October 1, 1963, consigned to the "Instituto Nacional de Reforma Agraria, Sección Avícola" (Poultry Division, National Institute of Agrarian Reform). (Documents in possession of the committee).

10. Remainder of the material.

It has not been possible to obtain evidence to permit identifying the origin of the material for which it is not indicated in the preceding paragraphs, although the material appears on the list.

D. Military evaluation of the material

The arms found correspond in type and characteristics to those customarily used in military organizations.

The automatic rifle F.N. (F.A.L.) and the submachine gun UZI (F.N.), arms that are for individual use and are light and small and have high firing velocity, are appropriate for use in guerrilla warfare and fighting in towns.

The other arms generically considered as supporting arms for infantry are characterized by their substantial firing power and by the fact that they are easily transported by hand in any territory. Adequate for use in irregular warfare, even by small groups of guerrillas, they may be used effectively against installations, concentrations of people, stores of fuels or explosives, vehicles, etc.

E. Reconnaissance of the locale

1. Visual inspection

The place where the material that is the subject of the denouncement was discovered is on Punta Macama or Macamba, on the North-northwest coast of the Paraguaná Peninsula, State of Falcón, approximately 4 kilometers east-northeast of Punta Macolla. At the spot pointed out by the witnesses to the discovery, a depression was found on the beach, measuring approximately 40 meters in length by a little more than 1 meter in width. This ran parallel to the shore at a distance from it of approximately 20 meters and appeared to be the vestige of a ditch.

2. Characteristics of the area

a. Topography. The Paraguaná Peninsula is characterized by its generally level terrain, except for some small hills and the Santa Ana Peak (900 meters). It is joined to the mainland by the Isthmus of Medanos, a small sandy strip approximately 20 kilometers long by 5 kilometers wide. The sandy, stony soil of the peninsula produces a vegetation consisting of small trees, thorny shrubs, and cactus. Transit for vehicles of all kinds is limited to a few existing roads, all of which are natural and/or secondary in the central and northern zone, with a few improved roads in the south and southwest. A single paved road permits access to the mainland through the Isthmus of Medanos, joining the refinery area in the southwest of the peninsula with the city of Coro. Except on the roads mentioned, transit is generally feasible only for pedestrians and equestrians and is limited by lack of resources and water and by the characteristics of the low and thorny vegetation.

b. Hydrography. The coastline from Punta San Román, the northern geographic point of the Paraguaná Peninsula, runs toward the SW for a distance of approximately 20 kilometers as far as Punta Macolla, along which are a few points that offer a leeward protection to ships. On Punta Macolla there is a

lighthouse with a visibility range of 25 kilometers. The ten-fathom depth line runs at a distance of from 2 to 4 kilometers of Punta Macama or Macamba, and there are no dangers to navigation beyond those limits.

c. Meteorology. Meteorological statistics for the period October-November showed a prevailing wind from the northeast at an average speed of 13 meters per second. There are generally 4 or 5 days of rainfall each month. There is no possibility of foggy days, and the average cloud cover is 3/10 to 5/10.

d. Tides. Even though there is no exact information available, a visual inspection showed the existence of small tides that do not exceed a height of 1 foot.

e. Daylight. The length of the day, dusk, and night, on the date and at the place of discovery, was 11h42m, 2h34m, and 9h44m, respectively.

3. Accessibility

a. From the interior of the Peninsula of Paraguaná.

Access to Punta Macama or Macamba is reached through a secondary road that runs parallel to the coast, leading southwest to Macolla, Los Teuques, and Punto Fijo, and northeast to Puerto Escondido. From Macolla it also leads to Pueblo Nuevo in the central part of the peninsula. The conditions of this road become precarious during the rainy season.

b. From the sea.

There is easy access to the coast from the sea, and owing to the depth of the Gulf of Venezuela, a ship could navigate during the night with little probability of being identified, and approach the coast where the discovery was made.

4. Possibilities of control and vigilance

a. The control and vigilance of roads in the Peninsula is only partially effective because of insufficient means.

b. The nature of the land and the vegetation make it very difficult to control and exercise vigilance except along the roads, both in the coast regions and in the interior of the land. This circumstance could facilitate the temporary hiding of persons and objects.

c. Access to the mainland through the Isthmus of Medanos provides favorable possibilities for control and vigilance.

d. Maritime control and vigilance of the region is not very effective because of insufficient means.

e. In short, from the point of view of the possibilities for control and vigilance of the region, it is easy to introduce materials to the Peninsula of Paraguana from the sea. Transfer of such materials from the Peninsula to the mainland presents certain difficulties.

II. SUMMARY OF EVIDENCE AND OTHER BASES FOR JUDGMENT

A. There is sufficient evidence and/or other bases for judgment to justify the statement that the following material belonged to Cuba:

1. Automatic rifles, F.N. (F.A.L.) 7.62 mm Cal. NATO. (References: Paragraph I.C.1 of this report).
2. Submachine guns "UZI" 9 mm Cal. L.P. (F.N.) (References: Paragraph I.C.2 of this report).
3. Rockets (Bazooka) 3.5" M28A2, Lot COP-4-802. (References: Paragraph I.C.6 of this report).
4. Shells for 57 mm recoilless rifle, Lot LOP-13-54 (References: Paragraph I.C.8 of this report).
5. 40 H.P. outboard motor, Model RDS-25D, Serial No. C 367809, Johnson. (References: Paragraph I.C.9 of this report).

B. There is evidence that arms of the same type, model and/or mark as the following were sent to Cuba:

1. 57 mm recoilless rifles, M18 (References: Paragraph I.C.7 of this report).
2. 3.5" rocket launchers (Bazookas), M20, S.A.P.R.I. (References: Paragraph I.C.7 of this report).
3. 3.5" rocket launchers (Bazookas), M20, S.J.S. (References: Paragraph I.C.5 of this report).
4. 60 mm mortars with their respective mounts and base plates (References: Paragraph I.C.3 of this report).

C. There is no evidence that makes it possible to establish the origin of the 60 mm mortar shells, the 3.5" M28A2 rockets (Bazooka) (except Lot COP-4-802), and the shells for 57 mm recoilless rifle (except HE Lot LOP-13-54).

D. The remaining elements appearing in the inventory consist of additional war materiel to which reference was made in the preceding paragraphs, or implements of common use.

E. The war materiel comprising the shipment was found totally covered at a single place, in uniform condition and packaging, with the same type of wrapping, and together constituting a single shipment, all of which reveals a common origin.

F. The war materiel was discovered to be in perfect condition of preservation and upkeep; prepared for immediate use; of common use in regular armies; taken together it follows a certain organic concept, balanced and homogeneous, and, according to its characteristics, is suitable for use in guerrilla activity.

G. There has been a deliberate attempt to conceal the origin of the shipment, witness the erasures and perforations made on the different arms at places where identifying marks were imprinted.

H. In view of the geographic characteristics of the Paraguaná Peninsula and the existing possibilities and means for control and vigilance over the area, there is basis for the assumption that the shipment was transported by sea and surreptitiously unloaded at the place where it was discovered.

I. Among the documents seized from Venezuelan subversive elements are some (The Caracas Plan) that call for the use of arms that, in type and number, correspond to those found on the Paraguaná Peninsula. Detailed instructions are also given for their handling and use.

J. Found among the shipment of materials were knapsacks of cardboard and canvas and clip carriers for F.A.L. rifles, the characteristics of which do not correspond to those of the models used in regular armies. On the contrary, they fulfill the requirements of materials for guerrilla operations.

K. Among the war materiel there were 50 caliber ammunition and legs for 30 caliber machine guns. These correspond to weapons not found in the shipment but whose use was called for in the Caracas Plan.

III. CONCLUSIONS

From the analysis of evidence and other bases of judgment, the group of military advisers reaches the following conclusions with reference to the war materiel found by the Venezuelan authorities on the Paraguaná Peninsula:

A. That it came from Cuba. (References: Paragraphs II.A-II.B and II.E of this report).

B. That it was prepared by well organized persons who were acquainted with materials and methods commonly used only in regular organizations. (References: Paragraphs II.E-II.F and II.G of this report).

C. That it was intended to be used for subversive purposes. (References: Paragraphs II.F-II.G-II.I-II.J and II.K of this report).

D. That it forms part of a more extensive plan to send arms. (References: Paragraphs II.I and II.K of this report).

E. That it would have been transported by sea and surreptitiously unloaded at the place where it was discovered. (References: Paragraph II.H of this report).

February 18, 1964

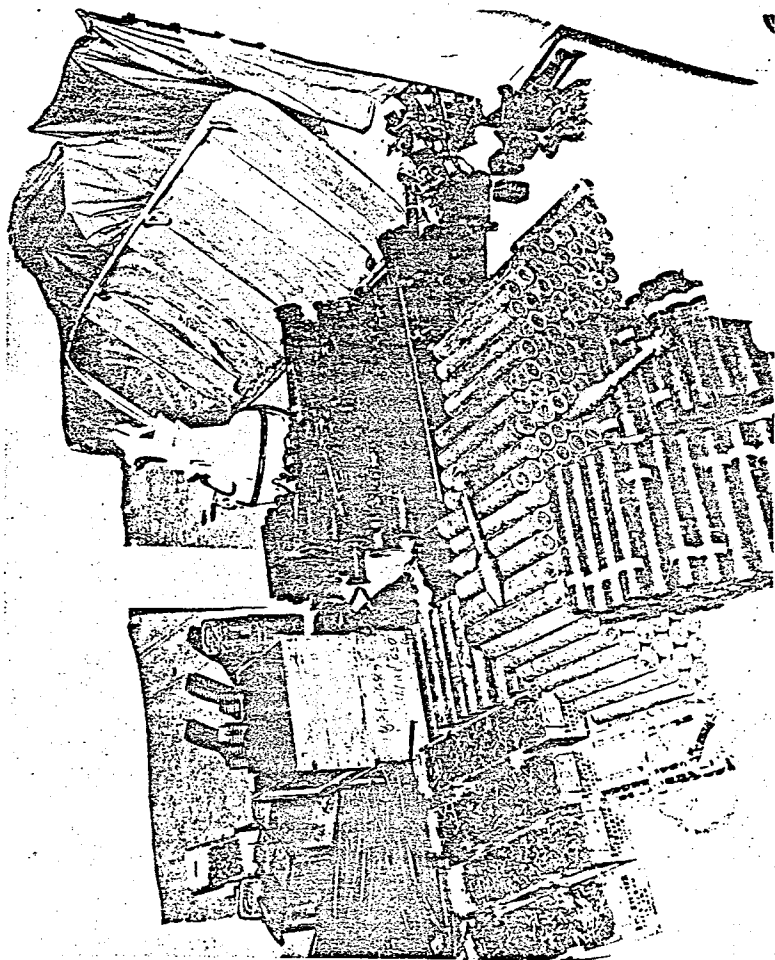
Commander Emilio Massera
Military Adviser, Delegation of Argentina

Colonel Fernando Izurieta Molina
Military Adviser, IADB

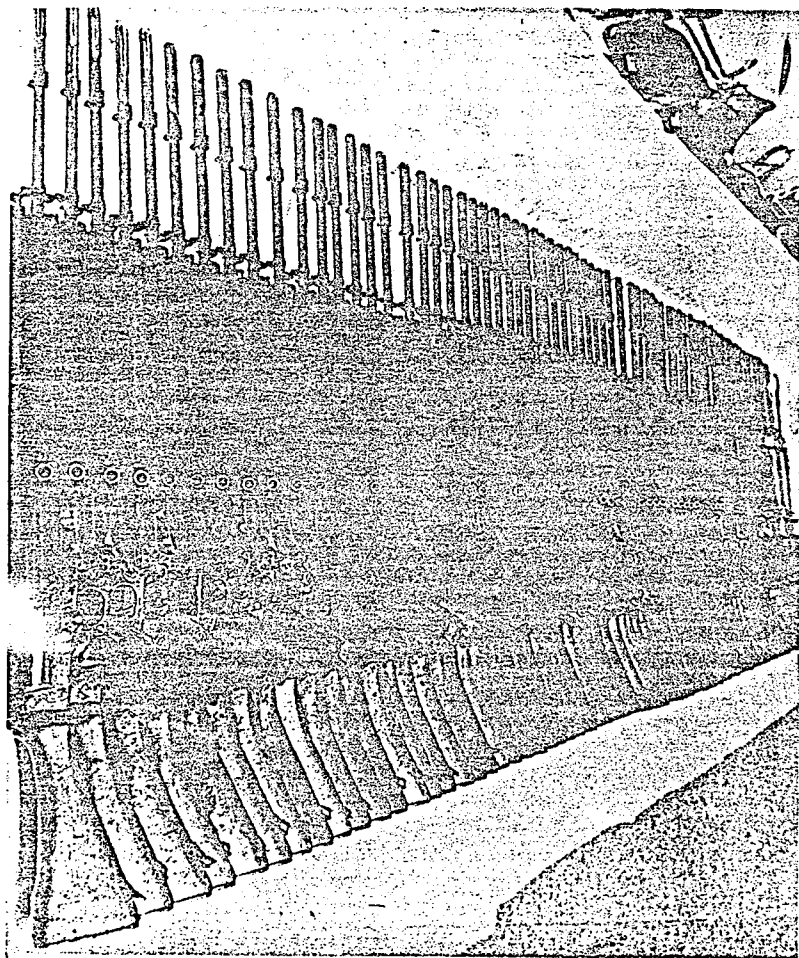
Colonel Juan Giró Tapper
Military Adviser, IADB

PHOTOGRAPHS OF THE SHIPMENT OF ARMS FOUND ON THE
PENINSULA OF PARAGUANA

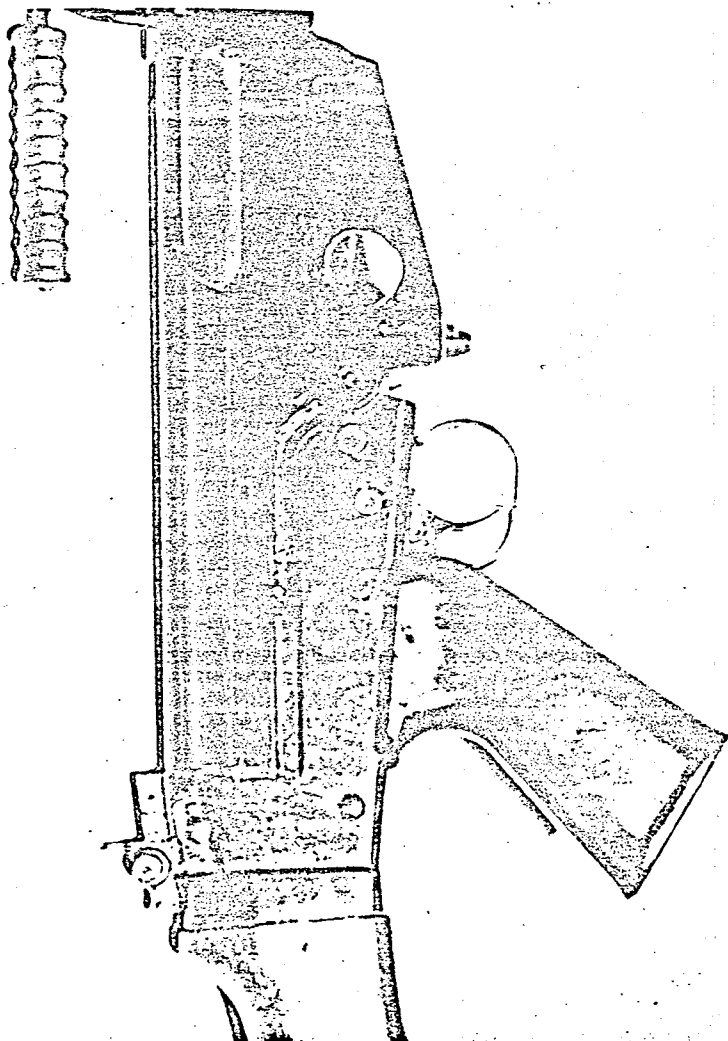
1. View of the shipment of war materiel seized by the Venezuelan authorities on the coast of the state of Falcón.
2. Automatic rifles F.N. 7.62 mm Cal. NATO (FAL)
3. Detail of a rifle FAL 7.62 mm Cal. NATO showing the hole made on the right hand side of the magazine case.
4. Submachine guns "UZI" 9 mm Cal. L.P.
5. Submachine guns "UZI" 9 mm Cal. L.P. showing the defacing of the coat of arms and the serial numbers.
6. 60 mm mortars with legs, base plates, and sights.
7. 60 mm mortar shells.
8. 3.5" rocket launchers (bazookas).
9. Detail of a 3.5" rocket launcher (bazooka) showing defacing of identification and serial numbers.
10. 3.5" rockets (bazookas).
11. 57 mm recoilless rifles.
12. 7.62 mm shells NATO in clips for FAL rifles
13. Clipcarriers for FAL rifles.
14. .50" caliber shells.
15. Demolition blocks, M3, Composition C3, prepared without caps.
16. Demolition charges, M3, Composition C3.
17. Metal boat with 40 HP outboard motor and gasoline tank.
18. Johnson 40 HP outboard motor and gasoline tank.



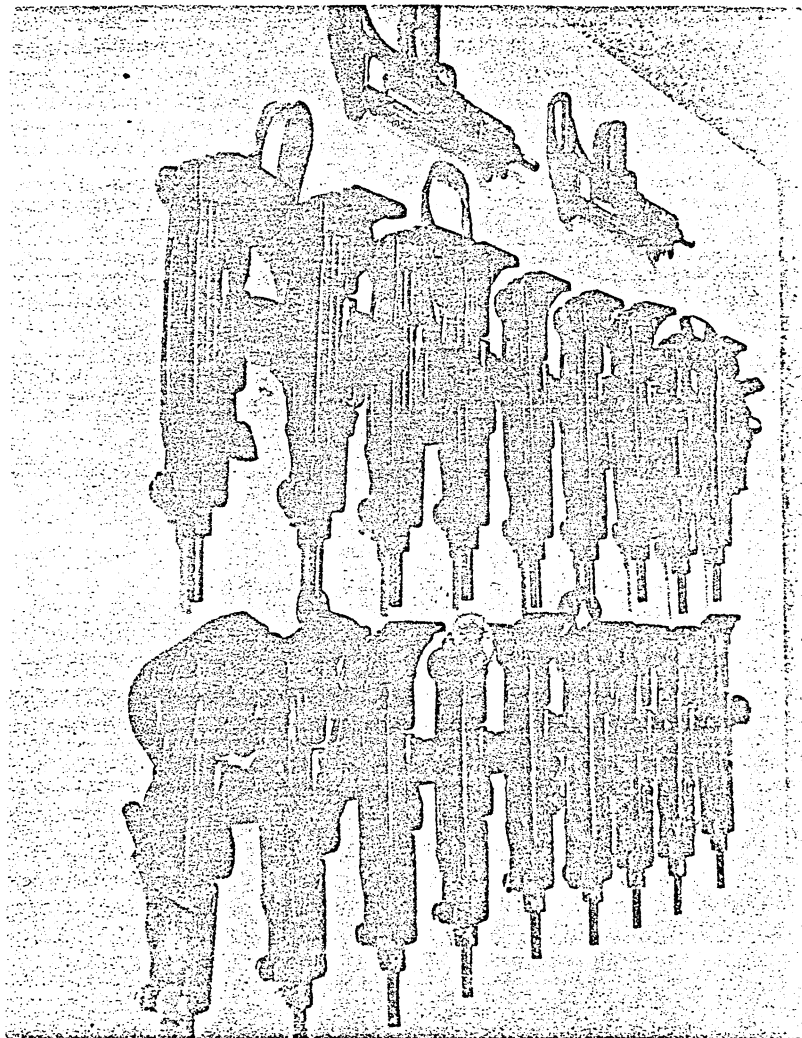
1. Vista del conjunto de material de guerra capturado por las autoridades venezolanas en las colinas del Estado Falcón



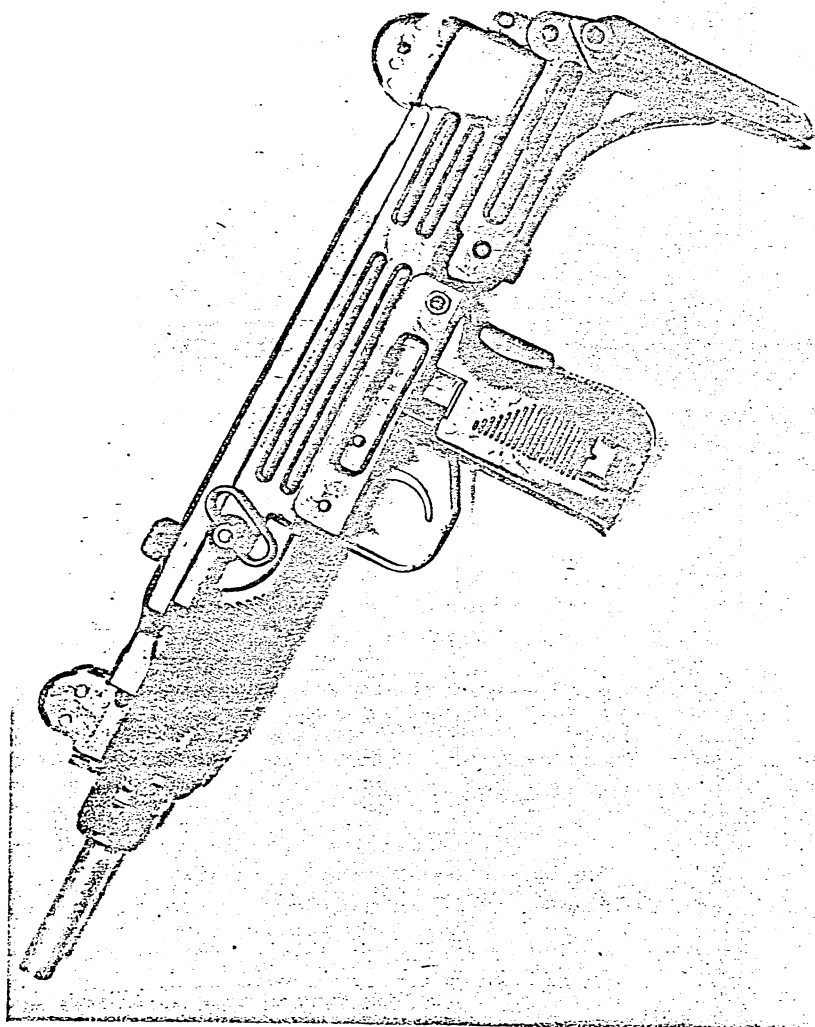
2. Fusiles automáticos F.N. Cal. 7,62 mm. NATO (FAL)



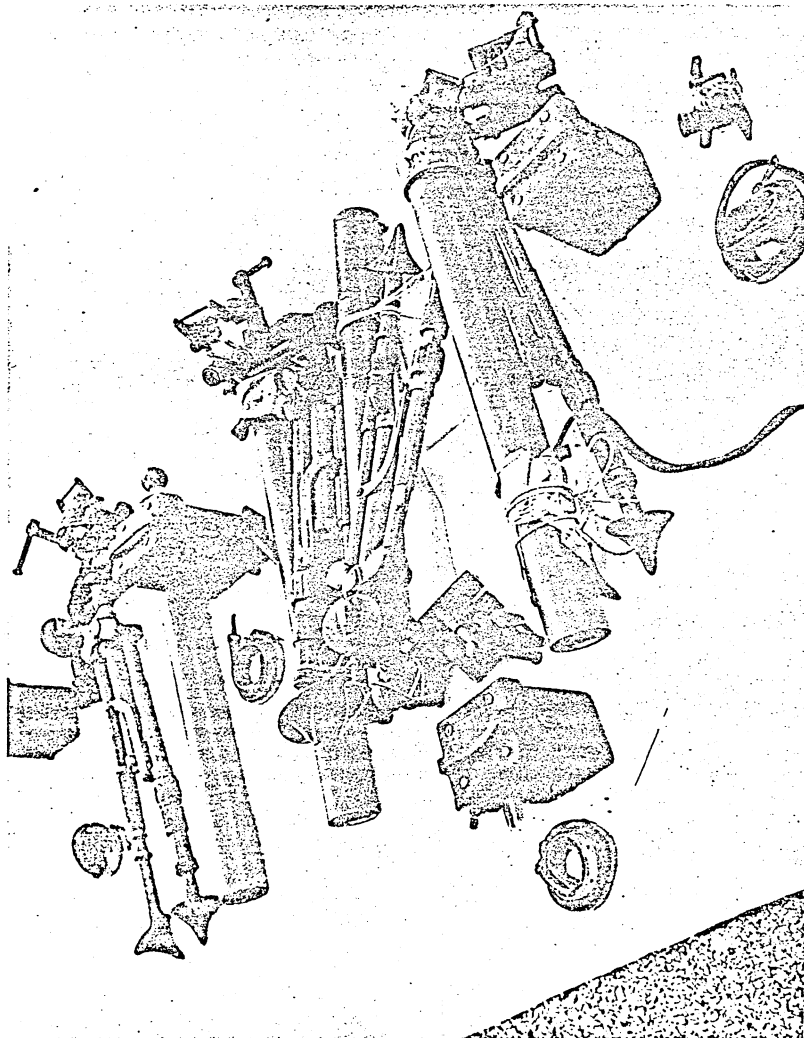
3. Detalle de un fusil FAL, Cal. 7,62 mm. NATO mostrando el orificio practicado en la parte derecha del alojamiento del cargador.



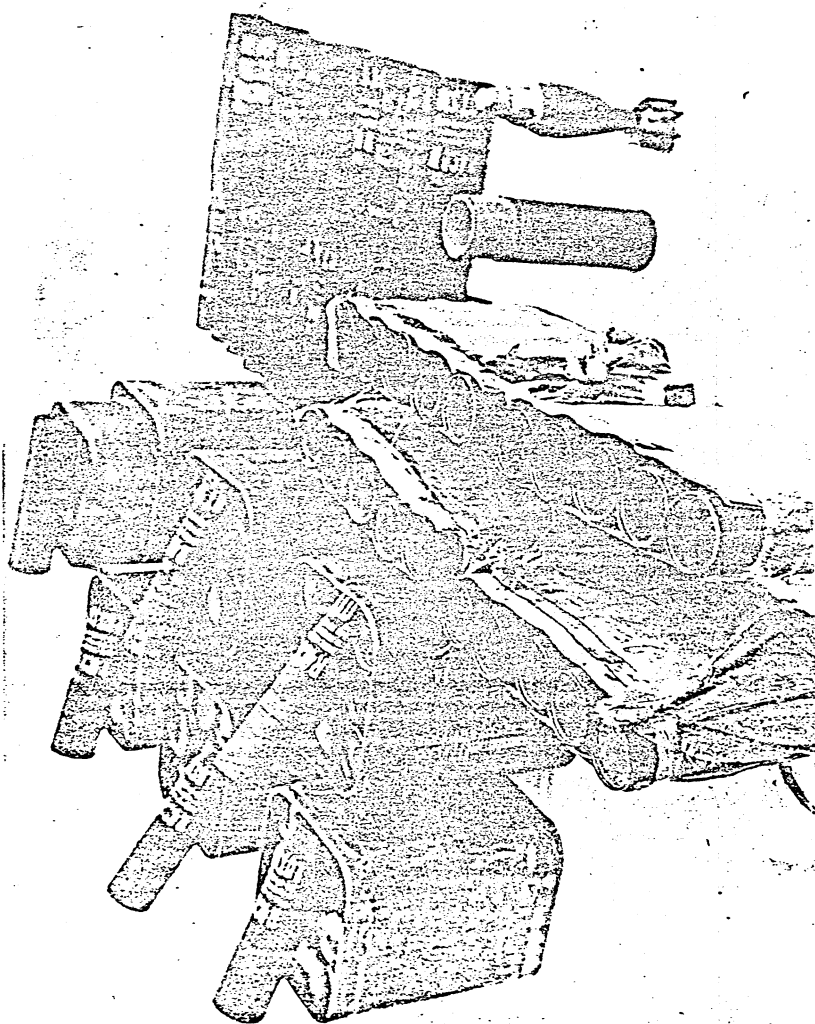
4. Sub-Ametralladoras "UZI" cal. 9 mm. I.P.



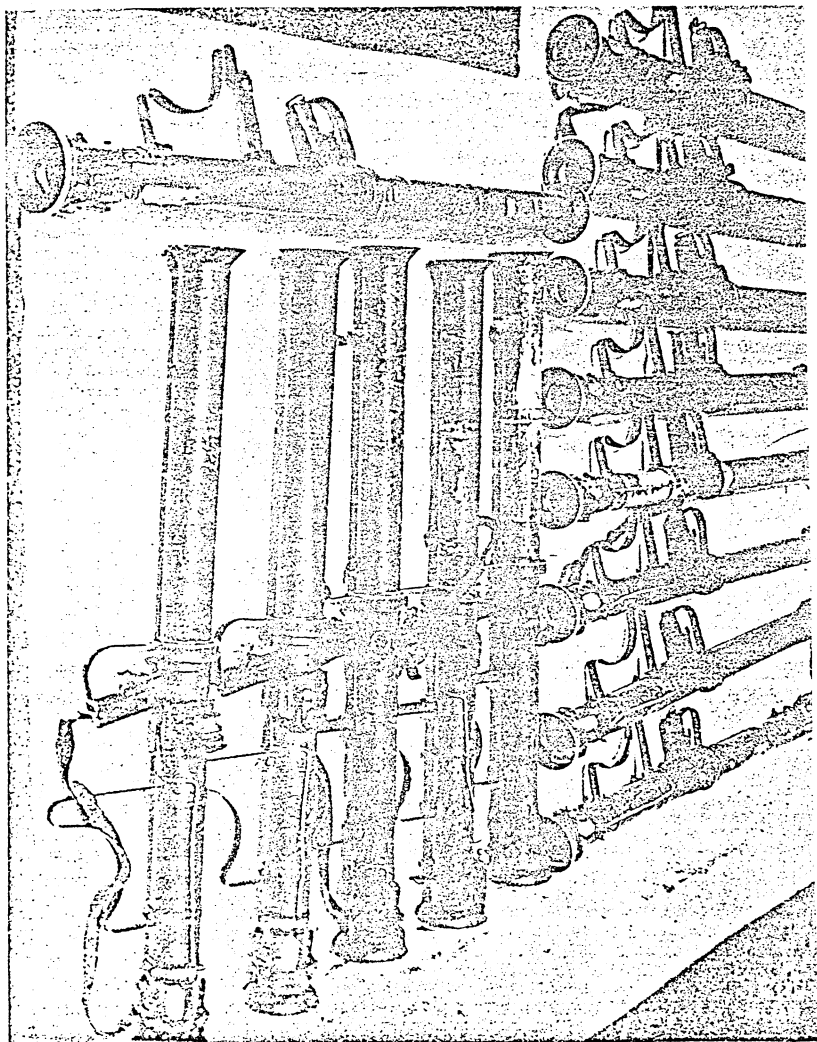
5. Sub-Ametralladora "UZI" calibre 9 mm. L.P. mostrando la borradura del Escudo y numeros de serie.



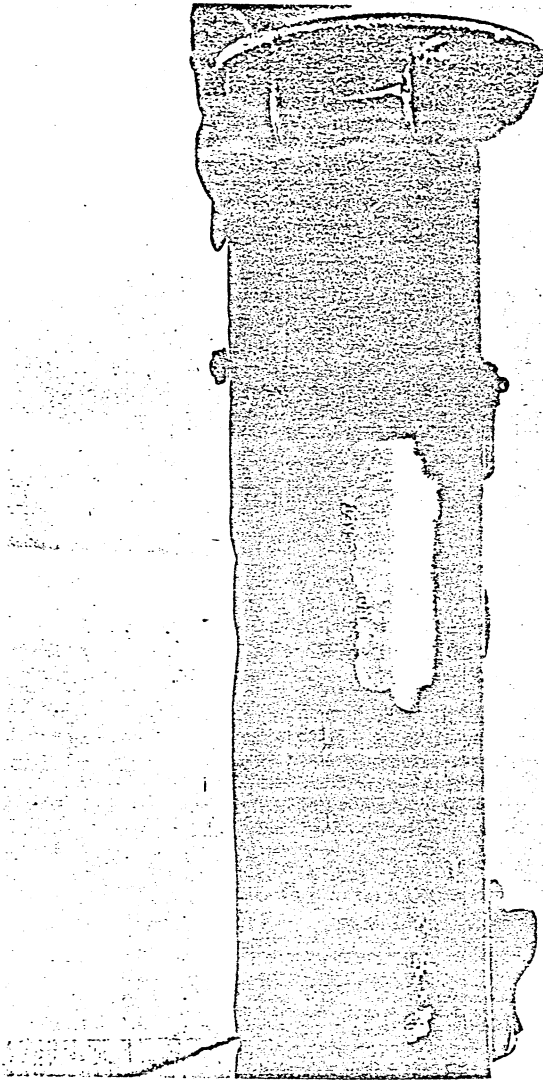
6. Morteros de 60 mm., con sus afustes, placas base y aparatos de puntería



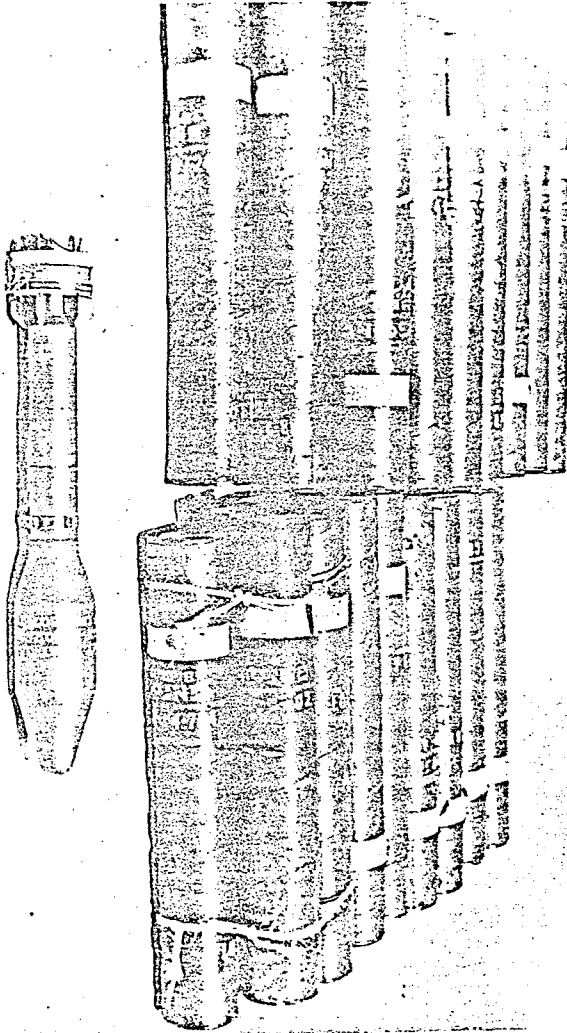
7. Granadas para mortero de 60 mm.



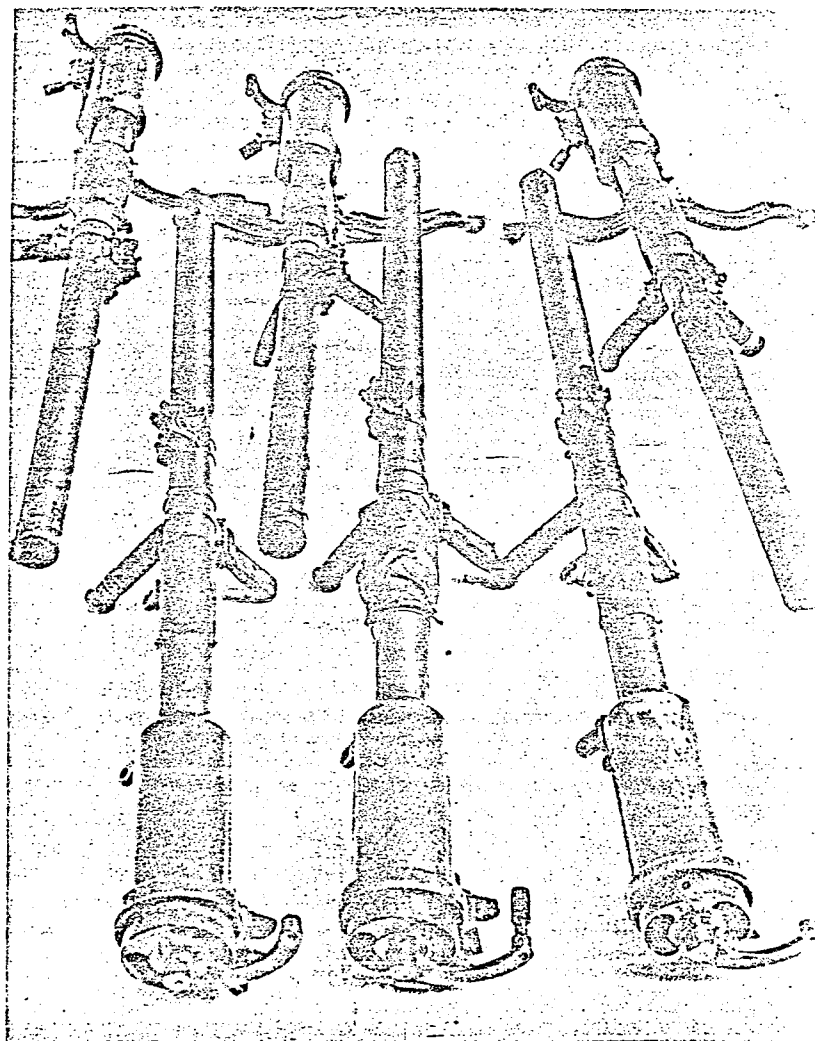
8. Lanza-Cohetes calibre 3,5" (Bazookas)



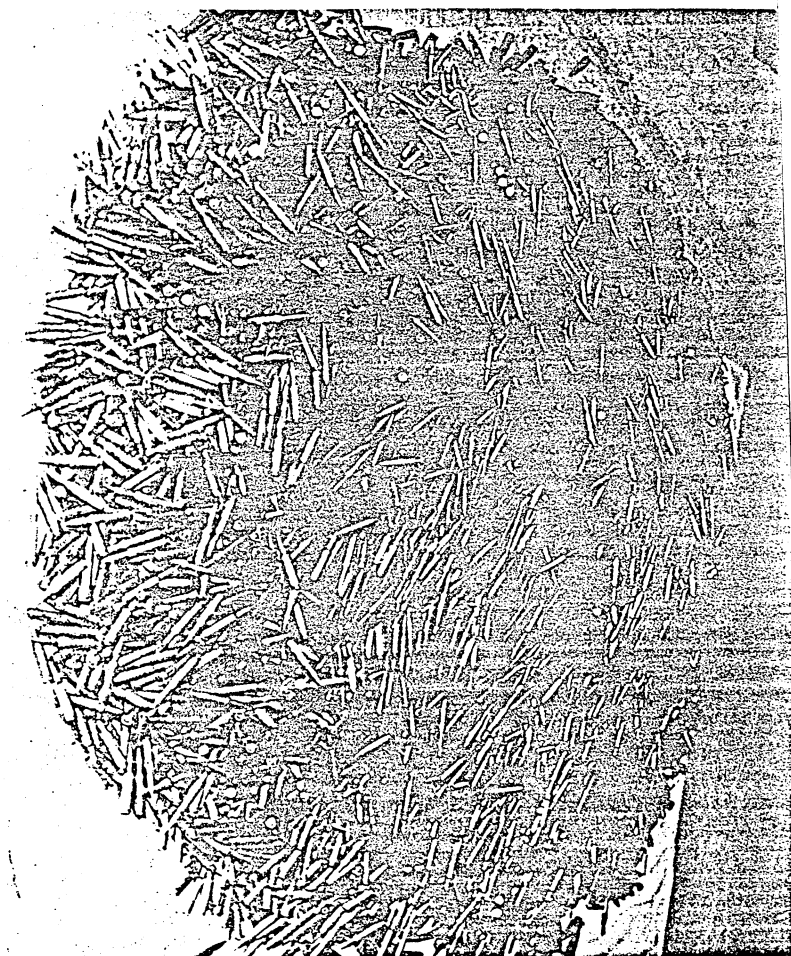
9. Detalle de un Lanza-Cohete calibre 3,5" (Bo-r-oka) mostrando borradura de marcas y nu-
-os de serie



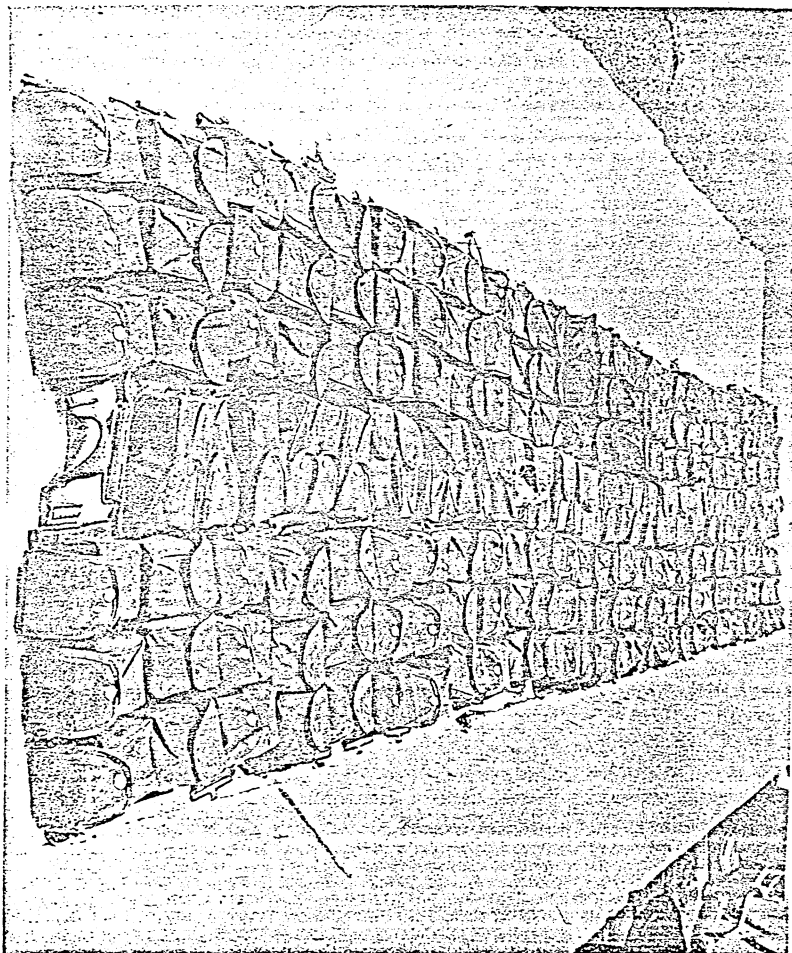
10. Cohetes calibre 3.5" (Bazookas)



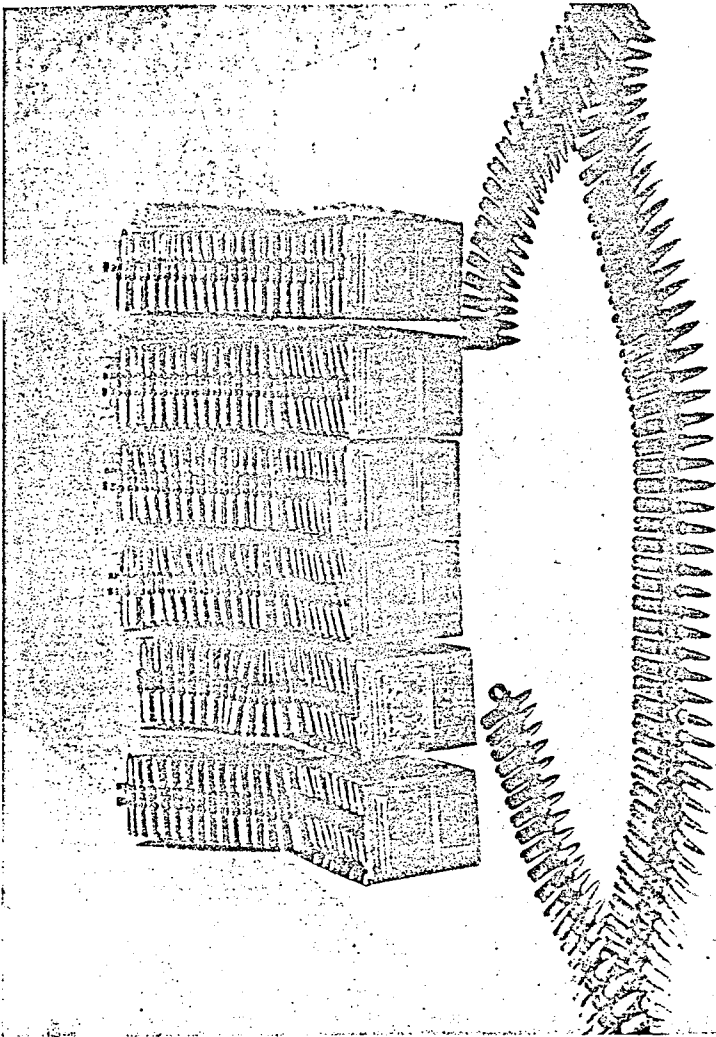
11. Cañones sin retroceso calibre 57 mm.



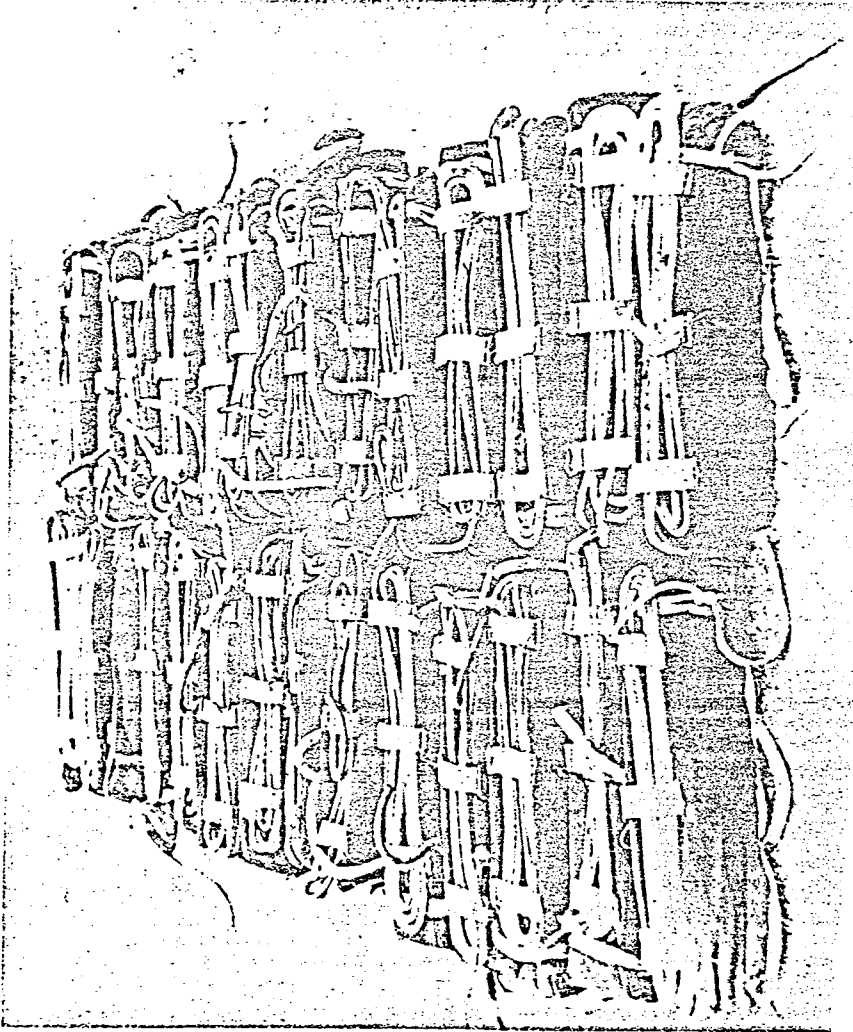
12. Cartuchos calibre 7,62 mm. NATO, encontrados en los Cargadores para Fusiles FAL



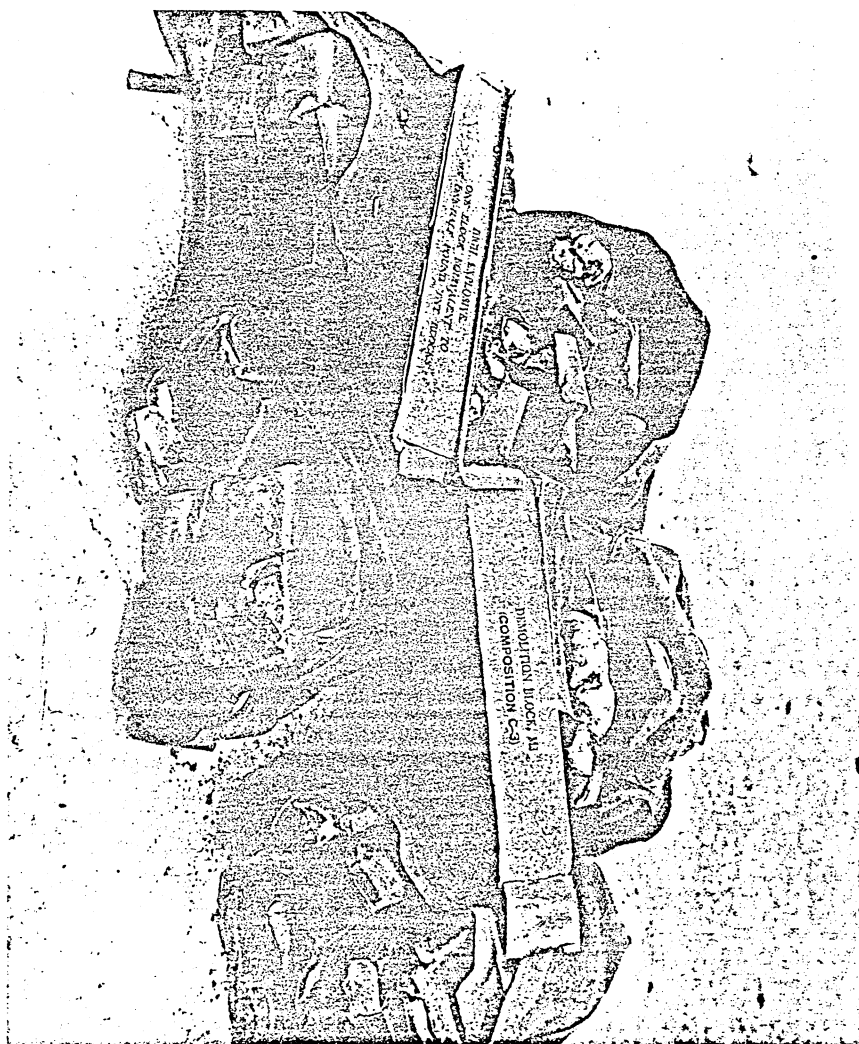
13. Portacargadores para fusiles FAL



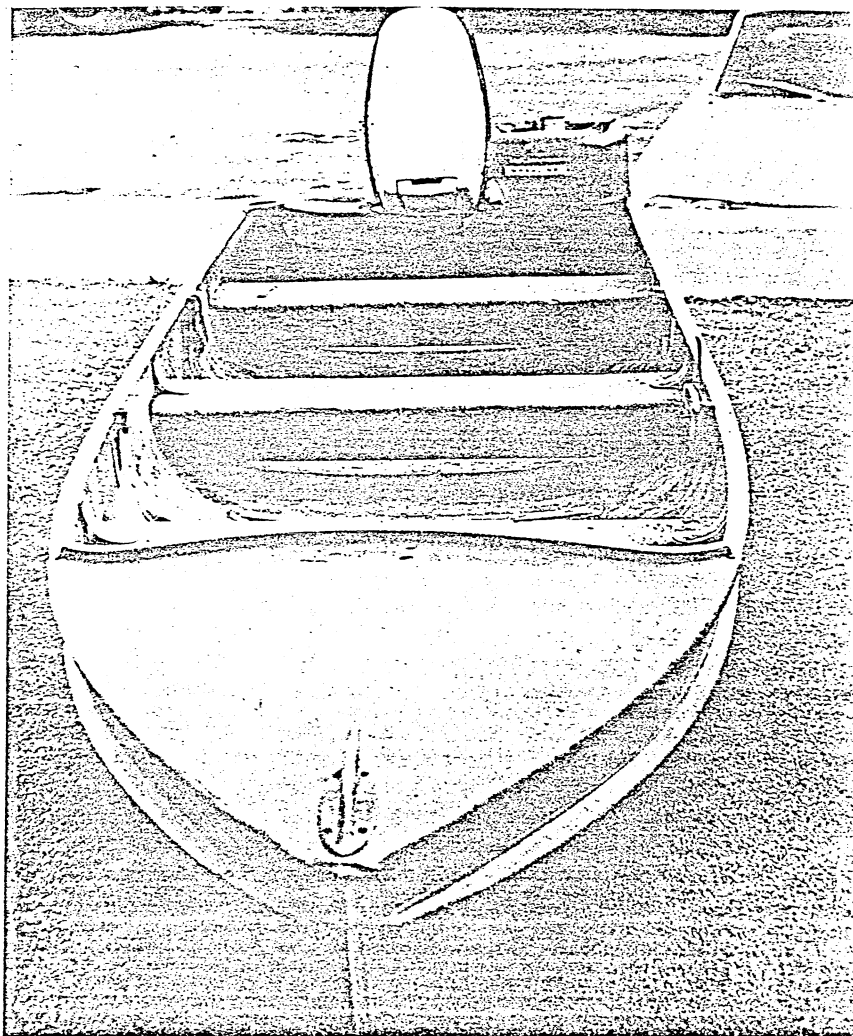
14. Cartuchos calibre .50"



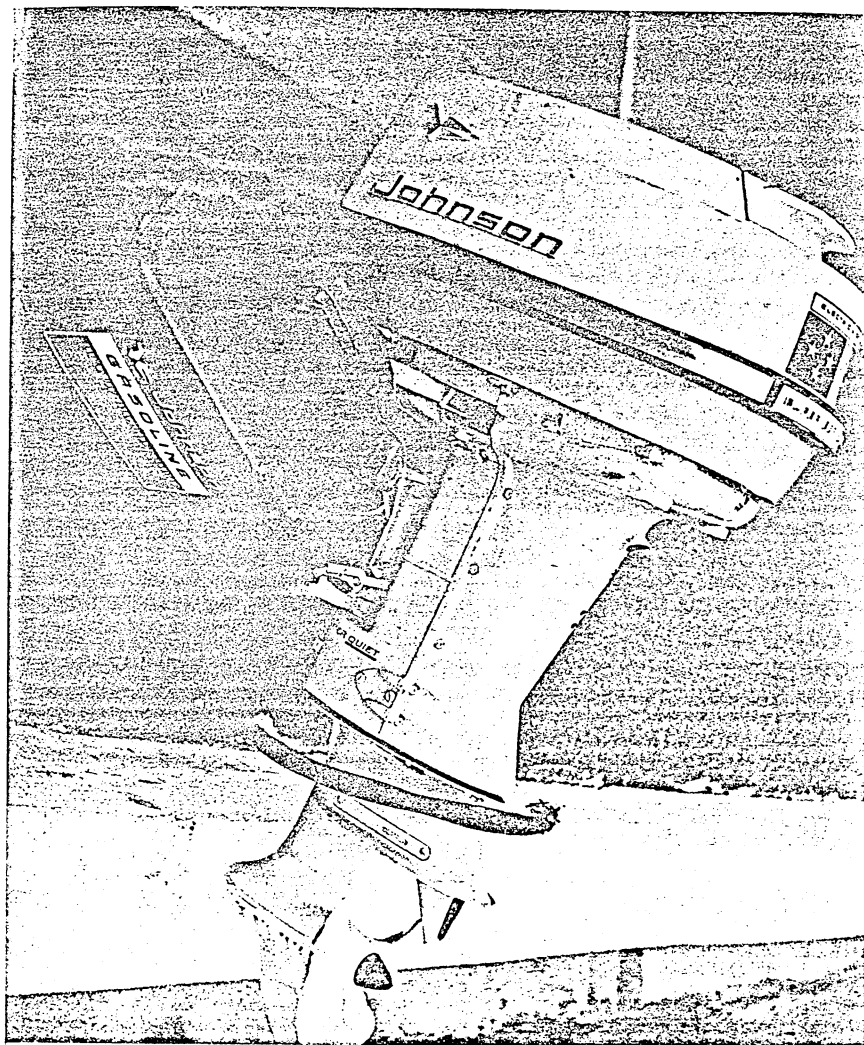
15. Bloques de demolición M3, Composición C3, preparados sin fulminantes



16. Carga para bloques de demolición M3 (Composición C3)



17. Bote Metálico con motor fuera de borda de 40 HP y tanque para combustible



18. Motor fuera de borda de 40 HP Johnson y tanque de gasolina

AFFIDAVIT OF THE
FABRIQUE NATIONALE D'ARMES DE GUERRE (BELGIUM)
ON THE ORIGIN OF THE F.N. RIFLES (FAL) 7.62 mm CAL. NATO

The undersigned, Fabrique Nationale d'Armes de Guerre, incorporated, with corporate headquarters at Herstal-lez-Liège (Belgium), represented by its President Administrator-delegate, Mr. RENE LALOUX, and by its General Director, Mr. OTHON DRECHSEL, has received for examination, from Major Pimentel-Malaussena, Chief of the Venezuelan Receiving Commission, a light automatic rifle (F.A.L.) that underwent various alterations intended to mask its identity.

The undersigned declares, as it is also concluded by the attached report, that the weapon received presents all the characteristics of the weapons delivered in 1959 by the Fabrique Nationale d'Armes de Guerre, S.A., to the Government of the Republic of Cuba.

In this connection it should be noted that no weapon that presents these characteristics has been delivered to any other country.

Done at Herstal, on December 6, 1963

(s) OTHON DRECHSEL
General
Director

(s) RENE LALOUX
President
Administrator-Delegate

F. N. Herstal, December 6, 1963

LOT OF ARMS CLANDESTINELY INTRODUCED IN VENEZUELA

Major R. PIMENTEL has delivered to us, for identification, one "F.N." F.A.L. rifle, 7.62 mm NATO, taken from a lot of arms confiscated by the Venezuelan Armed Forces.

1. Description of the weapon that was delivered to us

- 1.1 The right cheek of the action box (right side of the feeding window) bears, on its back part, a cut of more or less circular shape (see photograph No. 1). Undoubtedly this cut was made so that the coat of arms of the country for which the weapon was intended would disappear.
- 1.2 On the action box, the slide, and the breech, the numbers have been ground down, covered by arc welding, and then the welded surface has been planished. On the barrel and the trigger-guard, the serial number has been covered by arc welding. Our Central Laboratory, to which we submitted the weapon for examination, has pointed out that the procedure employed for hiding the numbering left it no possibility of re-constituting it.
- 1.3 The mark "Fabrique Nationale d'Armes de Guerre - Herstal - Belgique" and the test marks of the Liège Test Bank remain.
- 1.4 This model of F.A.L. has been supplied to only three countries: Cuba, Ecuador, and Chile.

The first 3,000 Ecuador F.A.L.'s and those that were delivered to Chile came from the part of the Cuban order that could not be filled as a result of the cancellation of the export license by the Belgian Government, in August 1960.

2. Identification of the weapon

Here we shall give a comparison of the distinctive features of the rifles supplied to the three countries mentioned in paragraph 1.4 above.

2.1 F.A.L. Ecuador

- 2.1.1 The coat of arms, which is wider and higher than the Cuban one, is located in the central part of the right cheek of the action box, and the Ecuadorian serial number is located to the right of the coat of arms (see photograph No. 2).
- 2.1.2 The serial number initially assigned for Cuba (which is different from the number applied for Ecuador) appears on the back part of the right side of the action box.
- 2.1.3 The trigger-guard also bears two different numbers. While the Cuban serial number appears on the left side, the Ecuadorian serial number is found on the right side.

2.1.4 The bottom of the magazine and the bayonet are numbered.

2.1.5 The mounting bolt of the flash-concealer is short.

2.2 F.A.L. Chile

2.2.1 The coat of arms, likewise higher than the Cuban one, is also located in the central part of the right cheek of the action box, and a serial number appears to the right of the coat of arms. The serial number initially assigned for Cuba remains on the left back part of the side of the action box and of the trigger-guard. The trigger-guard also bears, on its right side, the serial number of Chile.

2.2.2 The mark "EJERCITO DE CHILE" (Army of Chile) also appear on the right side of the action box above the cheek where the coat of arms of the Chilean Army is located (see photograph No. 3).

2.2.3 The handshield is of polyester colored green, while the Cuban handshield is of wood.

2.2.4 The mounting bolt of the flash-concealer is short.

2.2.5 The base of the magazine and the bayonet are not numbered.

2.3 F.A.L. Cuba

2.3.1 The coat of arms is located in the back part of the right cheek of the action box, exactly at the place where, on the weapon that has been delivered to us, a cut has been made (see photograph No. 4).

2.3.2 The numbering of the action box and of the trigger-guard appears only on the left side.

2.3.3 In the F.A.L. Cuba series, up to number 20,000 the mounting bolt for the flash-concealer is long.

2.3.4 The bayonet and the bottom of the magazine are not numbered.

In conclusion, considering that:

3.1 the coat of arms of Cuba was stamped in the same place where a cut has been made;

3.1 if the weapon we have received had come from Chile or Ecuador it would have been necessary also to hide the numbers applied on the right side of the weapon, which action has not been established with respect to the example presented;

3.3 the weapon we have examined has a long bolt for mounting the flash-concealer;

3.4 the weapon examined is equipped with a bayonet and a magazine that do not bear numbering or traces of hidden or masked numbering,

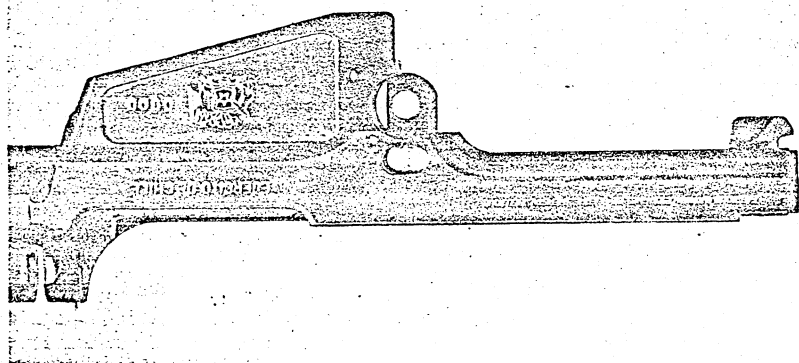
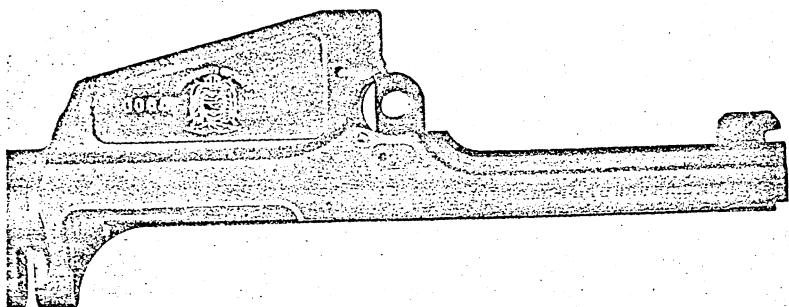
we can therefore state that the only country to which we have supplied weapons that present this combination of characteristics is CUBA.

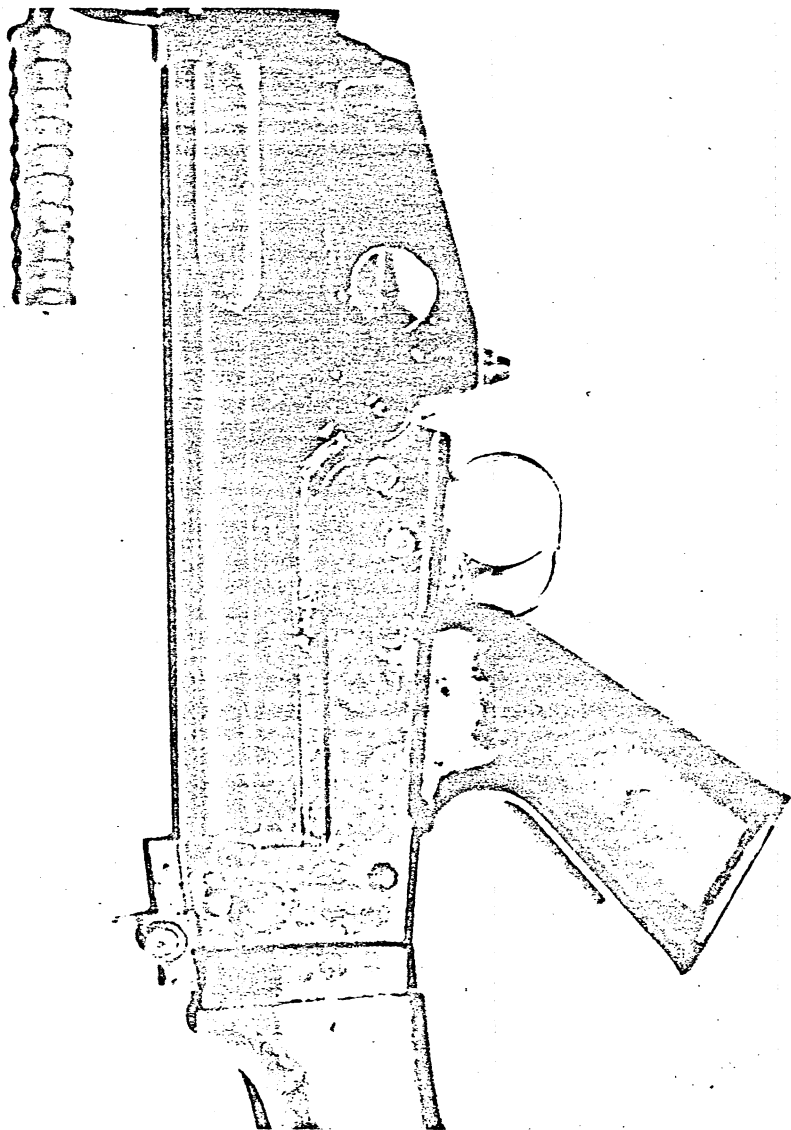
(s) DESSARD

In agreement with the examination and its interpretation.

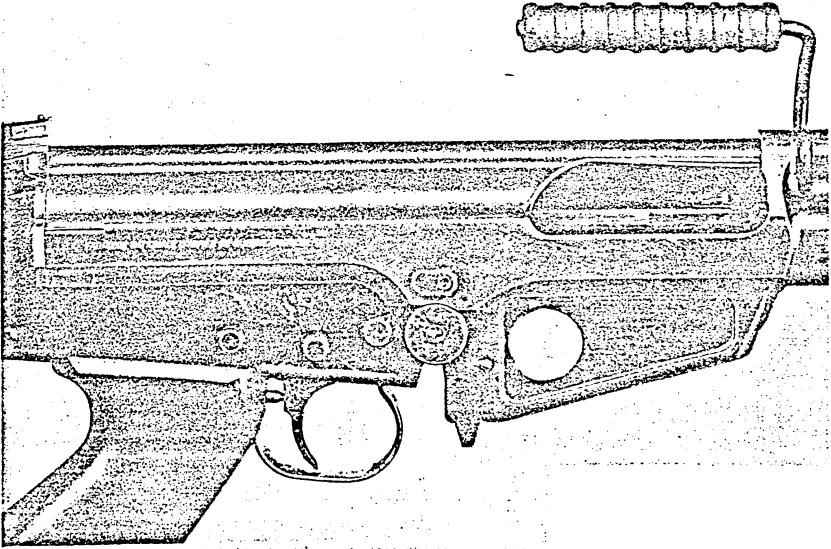
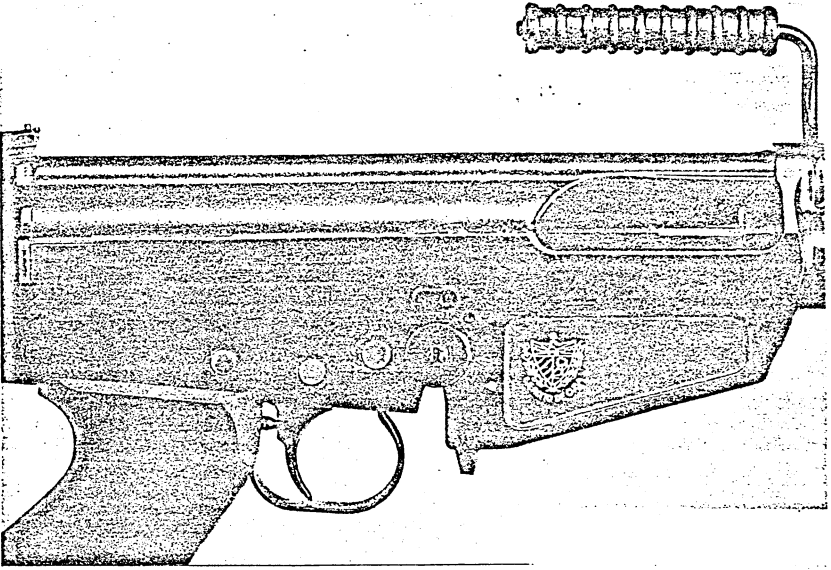
The Chief of Service

(s) A.L. ROCOUR





3. Detalle de un fusil FAL. Cal. 7,62 mm. NATO mostrando el orificio practicado en la parte derecha del alojamiento del cargador.



PHOTOGRAPH OF THE RESULT OF EXPERIMENTS CARRIED
OUT ON "UZI" SUBMACHINEGUNS, 9 mm CAL. L.P. (F. N.)

Mr. HUBBARD. The subcommittee now stands in recess.
 [Recess taken from 1:35 p.m. until 2 p.m.]

AFTERNOON SESSION

Mr. HUBBARD. The subcommittee will again come to order.
 Our apologies for being later than we anticipated.

Our next witness is Hon. Richard J. Davis, Assistant Secretary of the Treasury, Enforcement and Operations.

It is a pleasure to have you, Mr. Davis, to testify before our subcommittee and it is a pleasure to have the visiting Members of Congress who are sitting in with us.

STATEMENT OF HON. RICHARD J. DAVIS, ASSISTANT SECRETARY OF THE TREASURY, ENFORCEMENT AND OPERATIONS

Mr. DAVIS. Thank you very much, Mr. Chairman and members of the subcommittee.

We are here today in response to your request for testimony concerning various investigations conducted by Treasury law enforcement agents into a series of firearms transactions in Miami, Fla. These investigations, which are still ongoing, have resulted in one indictment which is now pending in the southern district of Florida. Some aspects of this matter are now before the Grand Jury.

In appearing here today, there are two considerations about which the committee should be aware.

First: Because the underlying facts involve evidence in both a pending trial and an ongoing investigation, we are seriously restricted as to what we can say in public session. As described previously to the committee staff, our public testimony will be limited to describing those materials already formally in the public record. To do otherwise could jeopardize the ability of the United States to conduct the trial of this matter and to successfully complete these inquiries, consequences neither we, nor we are sure, the committee, desire.

Second: Since these events are still under investigation, the state of our knowledge is necessarily in flux and, as to some aspects, incomplete. With these cautions in mind, I would like to describe the current state of these investigations.

An indictment was filed in Miami charging Jose Pujol, an employee of Air Panama, Carlos Wittgreen, a Panamanian, Walter McComas, an exporter, James Howell, owner of Public Safety Associates, and Jose Alvarez, firearms dealer, with conspiring to violate the Gun Control Act by dealing in firearms without proper licenses and with failing to maintain required records.

Mr. Alvarez was also charged with certain recordkeeping violations. The transactions referred to in the indictment included .30-caliber M-1 rifles, pistols and ammunition. The indictment states that a number of these firearms were transported to Panama. While an affidavit filed in connection with the arrest of Mr. Pujol quotes him as saying these weapons would be going to Nicaraguan guerrilla forces, the indictment does not contain this allegation and the case filed does not specifically relate to any export violations.

The affidavit also refers to the participation of the Panamanian Consul in Miami, Edgardo Lopez, in these violations. These documents are attached to my statement.

In addition, a related investigation is also in progress concerning certain weapons which were shipped from Miami to Panama under legal licenses issued by the Office of Munitions Control in the State Department.

The licenses authorized shipment of 250 weapons to Caza y Pesca—hunting and fishing—a company in Panama. Certain weapons traced to these shipments, we have been informed, have been seized in Nicaragua.

The purpose of this investigation is to determine whether there has been any criminal violation of the Arms Export Control Act by diverting weapons contrary to the terms of the license. Some of the weapons brought to this country by Nicaraguan officials in the last several days are involved in this inquiry.

This completes my prepared statement. Consistent with the limitations existing on what can be said in public session, I will be prepared to answer any questions you may have.

Mr. HUBBARD. Thank you, Mr. Secretary.

It is the subcommittee's understanding that a criminal action is pending in the U.S. District Court for the Southern District of Florida, regarding alleged conspiracies to wrongfully introduce firearms into foreign commerce, and that the pendency of that case will necessarily circumscribe some of your responses.

Is that correct?

Mr. DAVIS. That is correct.

Mr. HUBBARD. The Chair wishes to reiterate that the subcommittee will in no way jeopardize, undermine or influence that pending proceeding; and will make every effort to elicit facts already in the public domain which will not materially hamper the prosecution of that case.

With that understanding, would you please outline for the subcommittee the facts surrounding the issuance of the indictments in the case of *U.S. v. Pujol*?

Mr. DAVIS. As I referred to in summary form in my opening statement, that indictment was filed in the southern district of Florida. It was filed on May 9, 1979, and the arrests were made over the ensuing days of four of the five participants.

Generally, it describes and alleges that a conspiracy beginning on or about August 1, 1978, up to and including the end of January 29, 1979, took place and that these various defendants participated in that conspiracy which involved dealing in firearms when they were not licensees, and not, therefore, allowed to do so.

The indictment goes on to allege that these firearms or a substantial portion of them, were then transported in foreign commerce from Miami to the Republic of Panama.

I should say, however, as I referred to in my opening statement, that the offenses charged in this case are not export violations.

The indictment then describes in a series of overt acts, numbering 20, many of the various transactions in terms of numbers of firearms, in some cases giving a specific description such as the .30-caliber M-1 rifles, and where they were purchased from, and who

the various people who participated in some of the meetings at various gun shops were.

As I say, the indictment is attached to my statement. And I think that summarizes the gist of what the offense is.

Mr. HUBBARD. The indictment alleges that the five defendants, including James Howell and Jose Antonio Alvarez, commenced purchases of firearms on August 8, 1978, and engaged in 20 separate transactions until January 29, 1979, in violation of section 371 of title XVIII United States Code.

Is that not correct?

Mr. DAVIS. It does start with transactions on August 8 and continues to the date you described. I am not clear that it is precisely 20 transactions, because some of the listed 20 items may overlap and relate to different stops relating to the same transaction.

Mr. HUBBARD. Mr. Davis, are you familiar with the affidavit filed in Miami Federal court by special agent Donald R. Kimbler of the U.S. Bureau of Alcohol, Tobacco, and Firearms, on April 27, 1979?

Mr. DAVIS. Yes, sir, I am.

Mr. HUBBARD. And can you share your knowledge of that with us?

Mr. DAVIS. That affidavit was prepared in support of an arrest warrant which was issued for Mr. Pujol. It describes a series of transactions involving Pujol, Mr Edgardo Lopez, the Panamanian Consul in Miami, and—

Mr. HUBBARD. Let's stop at that point.

You are referring to who now? Mr. Lopez?

Mr. DAVIS. That is right. The affidavit refers to a Mr. Edgardo Lopez.

Mr. HUBBARD. How do you spell his first name?

Mr. DAVIS. E-d-g-a-r-d-o. And he is identified in the affidavit as being the Panamanian Consul in Miami.

Mr. HUBBARD. The Panamanian Consul in Miami?

Mr. DAVIS. According to the evidence, he was, at the time of these events.

Mr. HUBBARD. This was filed in Miami Federal court by special agent Donald R. Kimbler, U.S. Bureau of Alcohol, Tobacco, and Firearms?

Mr. DAVIS. That is correct.

Mr. HUBBARD. It was filed April 27?

Mr. DAVIS. That is correct.

Mr. HUBBARD. According to the Kimbler affidavit, Jose Pujol returned to the Garcia National Gun Shop with one, Edgardo Lopez, the Panamanian Consul in Miami.

In addition, the affidavit states, and I quote—do I quote correctly?—"Lopez signed ATF Forms 4473 for the weapons Pujol had ordered earlier. Pujol later returned and received the weapons he had ordered."

Is that correct?

Mr. DAVIS. That is correct.

Mr. HUBBARD. The affidavit also describes joint visits by Consul Lopez and Alvarez on November 7 and 9, 1978. Is that correct?

Mr. DAVIS. Yes. On November 8, 1978, Mr. Lopez again entered the Garcia National Gun Shop.

Mr. HUBBARD. According to the same Kimbler affidavit, agent Kimbler further indicated, and I quote:

Lopez stated to me that he has been involved in at least 7 firearms transactions with Pujol and Alvarez, which involved the purchase of over 200 firearms to be exported from the United States. Lopez said he had received such instructions from an official of the Panamanian G2, an intelligence agency for the Republic of Panama.

Did I quote this correctly?

Mr. DAVIS. You did quote the affidavit correctly.

Mr. HUBBARD. The subcommittee's investigative staff has been told that ATF special agent John Spiedell visited the Panamanian Consulate and interviewed Lopez, and it has been suggested to the staff that Lopez admitted to agent Spiedell that he had been active in an official capacity as an agent of the Panamanian Government when he carried out the weapons transactions described by agent Kimbler.

Would you please outline for the subcommittee the Spiedell-Lopez interview.

Mr. DAVIS. Because there is a pending trial here, I would really not be in a position to describe that interview, since that is not part of the public record.

I would refer again, however, as you previously quoted, that in the affidavit of Donald Kimbler, who works for special agent Spiedell and I believe was with special agent Spiedell, filed in Miami, he did make the statement you previously quoted.

Mr. HUBBARD. I quoted it correctly, and there was indeed an interview between Spiedell and Lopez?

Mr. DAVIS. That is correct.

Mr. HUBBARD. Where is Mr. Lopez now, Edgardo Lopez?

Mr. DAVIS. We do not know.

Mr. HUBBARD. He has disappeared?

Mr. DAVIS. I presume that he went back to Panama. He is a Panamanian citizen, and we presume he is in Panama.

Mr. HUBBARD. According to a May 28 story from the Miami Herald, written by Joe Crankshaw and Sam Jacobs:

Kimbler and Spiedell, an ATF supervisor, marched into the Panamanian consulate in Miami. They wanted to know what was up. They had lots of records.

Lopez, the consul, admitted he knew of about seven shipments. He said he had received instructions from an "official of the Panamanian G-2", the agency supervises spies, security police, and military intelligence.

Lopez does not live in Miami anymore. He left in a hurry the day after the interview.

The G-2 official, it turned out was Colonel Noriega. It is easy to tell that he is in the spy business. The insignia on his stationary is a pair of binoculars.

Is that substantially correct?

Mr. DAVIS. Again, all that we can really say, is that, Mr. Lopez is quoted as having said that he received instructions from officials of Panamanian G-2, the intelligence agency of the Republic of Panama.

I don't think we can go beyond that, especially when we are responding to newspaper articles. I don't think that can be taken as confirming or denying particular aspects of it, because I think the committee would not want us to be selective and answer things only to our advantage.

So we must necessarily assume the posture that we can respond only to the extent the item is covered by the affidavit.

Mr. HUBBARD. You have not seen the particular May 28 story that I quoted from the Miami Herald?

Mr. DAVIS. I have seen that story.

Mr. HUBBARD. I was quoting from it directly.

And going ahead, one of the defendants in the case, Carlos Wittgreen, has been alleged to be an employee of the Panamanian G-2, working directly for Colonel Noriega. Wittgreen was arrested in Miami on February 22, 1979, while attempting to leave the airport with illegally purchased weapons.

Allegedly, Wittgreen was taken into custody by U.S. Customs agents, but later released.

Is that correct?

Mr. DAVIS. There are a lot of pieces to that question. There are a lot of pieces to that story.

The indictment does charge Mr. Wittgreen. I am not in a position to describe anything further about Mr. Wittgreen other than saying in the open session that he is a Panamanian.

In regard to whether there was an arrest, I do not know precisely about the date. At one point some people were detained while the U.S. Attorney was consulted, and then they were released.

I don't believe that was the correct date. I don't have the precise date.

Mr. HUBBARD. Do you know why Wittgreen was released?

Mr. DAVIS. Again, trying to be careful in regard to what can be said, by the agents, I understand that based on conversation with the U.S. Attorney relating to the nature of the evidence, and the inability, based upon the evidence then available, to do anything, he was released.

Mr. HUBBARD. Do you have any information as to whether Edgardo Lopez, Carlos Wittgreen, or Antonio Alvarez, were ever in the employ of the Panamanian National Guard or the Panamanian Government?

Mr. DAVIS. Well, as previously said, Mr. Lopez is identified formally in the affidavit as being Consul General at the time of the transactions referred to, beyond that, I really cannot go.

Mr. HUBBARD. Two more questions.

Has ATF come to any conclusions regarding the company known as Caza y Pesca, S.A.; namely, does this firm have a bonafide business purpose, or is it an entity used for the transportation of arms under the control of the Government of Panama?

Mr. DAVIS. The indictment alleges in overt act 20 in the first count of the indictment, that Caza y Pesca is the company of Carlos Wittgreen. Beyond that, again I cannot go, for reasons I previously described.

Mr. HUBBARD. Last, would you please provide the subcommittee with a complete inventory of weapons licensed by the U.S. Government for export to Caza y Pesca, S.A.?

Mr. DAVIS. We will be working with the State Department trying to comply with that request. They are the originators of such licenses, and we will work with them on your request.

Mr. HUBBARD. You will try to provide that for the record later?

Mr. DAVIS. Yes.

[The information follows:]

LIMITED OFFICIAL USE

List of one hundred (100), .38 caliber, Universal, Carbine rifles sold to Jose Alvarez on October 31, 1978 and shipped to CAZAY Pasca S.A. on the same date.

| | | | |
|---------|---------|---------|---------|
| 36-1898 | 36 1842 | 36 6428 | 36 6383 |
| 36-6411 | 37 3692 | 36 6435 | 37 3390 |
| 37 3376 | 37 3355 | 37 3306 | 36 6427 |
| 36 6436 | 36 1840 | 36 6412 | 37 3600 |
| 37 3341 | 36 1822 | 36 6470 | 37 3301 |
| 36 1969 | 37 3674 | 36 6401 | 36 1817 |
| 37 3669 | 36 6471 | 36 6459 | 37 3330 |
| 36 1776 | 36 6396 | 36 6477 | 36 6387 |
| 36 1617 | 36 6417 | 37 3340 | 36 6410 |
| 36 6465 | 36 6422 | 36 6381 | 36 1784 |
| 37 3541 | 37 3629 | 37 3619 | 37 3285 |
| 36 6443 | 36 6474 | 36 6385 | 36 6429 |
| 37 3613 | 36 1937 | 36 1918 | 37 3266 |
| 36 6455 | 36 1623 | 37 3677 | 37 3700 |
| 36 1728 | 36 6442 | 37 3354 | 36 6416 |
| 37 3675 | 36 6445 | 37 3571 | 36 6467 |
| 36 6434 | 36 1764 | 36 6466 | 37 3412 |
| 36 1778 | 36 6431 | 37 3305 | 36 6473 |
| 36 6430 | 36 1599 | 36 1795 | 36 1627 |
| 36 6452 | 36 1729 | 37 3482 | 36 6388 |
| 37 3608 | 36 6424 | 36 6449 | 36 6389 |
| 36 1557 | 36 1782 | 36 6423 | 36 6464 |
| 36 6425 | 37 3621 | 37 3304 | 36 6462 |
| 36 6453 | 36 1965 | 36 1892 | 36 1707 |
| 36 6437 | 37 3631 | 36 6421 | |
| | | 37 3351 | |

LIMITED OFFICIAL USE

AA 03 190
 AA 03 326
 AA 03 371
 AA 03 183
 AA 03 084
 AA 03 132
 AA 03 249
 AA 03 230
 AA 03 178
 AA 03 147
 AA 03 072
 AA 03 233
 AA 03 243
 AA 03 239
 AA 03 221
 AA 03 029
 AA 03 166
 AA 03 238
 AA 03 245
 AA 03 161
 AA 03 102
 AA 03 104
 AA 03 031
 AA 03 228
 AA 03 229
 AA 03 235
 AA 03 247
 AA 03 242
 AA 03 100
 AA 03 186
 AA 03 329
 AA 03 271
 AA 03 198
 AA 03 188
 AA 03 275
 AA 03 273
 AA 03 182
 AA 03 260
 AA 03 169
 AA 03 025
 AA 03 168
 AA 03 030
 AA 03 078
 AA 03 119
 AA 03 105
 AA 03 375
 AA 03 180
 AA 03 379
 AA 03 372
 AA 03 327
 AA 03 263
 AA 03 257
 AA 03 270
 AA 03 231
 AA 03 203
 AA 02 937
 AA 02 958
 AA 02 924
 AA 02 435
 AA 02 887
 AA 02 869
 AA 02 923
 AA 02 909

LIMITED OFFICIAL USE

Mr. BAUMAN. The President of Panama said on May 11 that Mr. Lopez was not Consul at the time he was interviewed by Alcohol, Tobacco, and Firearms agents on November 10, 1978.

If I am not mistaken, the indictment specifically says he was, in fact, the Consul at that time. Am I correct?

Mr. DAVIS. The affidavit specifically refers to him as being the Panamanian Consul in Miami. He presumably was consul in September, October, and early November.

Mr. BAUMAN. So then Mr. Lopez admitted to the agents or alleged to them he was in fact the Consul from Panama at that time?

Mr. DAVIS. Certainly, when the agent signed this affidavit, that was his understanding, based on what he knew at the time.

Mr. BAUMAN. I assume Mr. Lopez would know whether or not he was Consul when he made that statement.

Subsequently, he may have disappeared because he did—I am not sure. There is no doubt then that the agent received this information and that it formed part of the indictment?

Mr. DAVIS. It is included in the affidavit.

Mr. BAUMAN. Thank you, Mr. Chairman.

Mr. HUBBARD. Thank you, Congressman Bauman.
Congressman Wyatt.

[No response.]

Mr. HUBBARD. Congressman Lowry.

Mr. LOWRY. No questions.

Mr. HUBBARD. Congressman Carney.

Mr. CARNEY. The weapons on display over there were—well, not all of them. Some were all brought here by the Nicaraguans; is that correct?

Mr. DAVIS. Yes. These were weapons brought to the United States by Nicaraguans and turned over to custody of Federal agents when they arrived in this country.

Mr. CARNEY. They have been in custody of Federal agents since they have been here?

Mr. DAVIS. Yes.

There is one I hope is not here, since it turned out to be a live shell when the crate was unpacked. I assume that is still back in a separate, more secure place than here.

Mr. CARNEY. I looked at the carbines, and they have some numbers on them. And from my military days, I suspect that they are the serial numbers.

Could we have a list from the U.S. Customs as to the weapons that were involved in the Panamanian transactions? Have you cross-referenced any of these weapons?

Mr. DAVIS. There is a list of numbers. The list is limited to weapons which were legally licensed. Not all of the weapons referred to in the indictment were weapons for which there was an export license.

There is such a list, and it is my understanding that at least a certain number of the weapons—around 12 or 13—correspond.

Mr. CARNEY. Twelve or thirteen of these weapons here correspond with a list our Government has as being weapons sold to the Panamanian Government; is that correct?

Mr. DAVIS. Yes. That is what I was referring to in my statement, an issue which is now under investigation; the weapons sold to Casa y Pesca.

If I might be permitted, and I hope it is not considered an aside, but there was a lot of colloquy this morning about the nature of those weapons, whether they are hunting weapons, whether they are sporting weapons.

I will share my experience with the committee. Last year when I had the temerity to suggest that perhaps the U.S. Government should not be selling M-1's to the general public but should keep them for use in target practice, I received an awful lot of persistent mailing which pointed out that these weapons were indeed used for sporting purposes.

Mr. CARNEY. I appreciate that aside. My intention was to identify weapons that the Nicaraguan officials brought here as being weapons that left the United States to Panama, which eventually wound up in Nicaragua.

And you agree with that?

Mr. DAVIS. Those weapons, according to the indictment, went to Casa y Pesca in Panama.

Mr. CARNEY. And then now they are here?

Mr. DAVIS. A certain number of them are here, yes.

Mr. CARNEY. Thank you very much.

Going on to the colloquy that went on this morning, I understand the problem you are faced with. I was wondering—we are talking about the M-1 used to hunt in the bush on the east coast of the United States.

I wish the gentleman who had made that statement would explain to me what we hunt in the United States with a bazooka.

Mr. DAVIS. As was pointed out to me last year, I didn't fully appreciate what we hunted with M-1's either.

Mr. CARNEY. Right.

I thank you very much.

Mr. BAUMAN. Aside from the indictment, which I understand you are prohibited from discussing in detail, or any pending investigations, does your agency have information, or can you tell us about any pattern of participation by officials of the Panamanian Government or its diplomatic corps in these kinds of acts, or other incidents which may or may not have been brought to trial? Or rather, the subject of indictment?

Mr. DAVIS. I want to be clear that I am not confirming at all there is any such pattern. I would not want, at all, for that to be understood as the meaning of my response.

All I can say is that we have other unrelated and ongoing investigations, involving these kinds of violations, which we are not in a position to discuss in open session.

We would be happy to give further information in executive session.

And again, I reiterate, this does not suggest in any way there is such a pattern.

Mr. BAUMAN. It would seem that if the information were discussed in executive session it might shed light for two members of this committee.

Could you answer questions along these lines in a closed session?

Mr. DAVIS. Obviously, in executive session, we would be in position to supply more information as to underlying facts, whichever way they cut, related to the indictment and the affidavit. This information is the evidence leading up to the indictment. We certainly could.

Mr. HUBBARD. Thank you, Mr. Davis.

Other questions from any other member of the subcommittee?

[No response.]

Mr. HUBBARD. From our counsel?

Mr. O'BRIEN. Mr. Davis, could you explain to us the circumstances surrounding the indictments that came down in Texas regarding the so-called machinegun conspiracy? I refer specifically to an ATF press release that described the indictments under that denomination.

Mr. DAVIS. That was a conspiracy relating to distribution of 1,000 machineguns. That indictment was recently brought down. I believe that it involves machineguns that might have been going into Mexico.

I am not aware of any connection to these events.

Mr. O'BRIEN. What is the citizenship of the defendants in that case?

Mr. DAVIS. I am told that to the extent those are not American, they are Mexican.

Mr. O'BRIEN. Mexican citizens?

Mr. DAVIS. Yes.

Mr. O'BRIEN. Could you explain to the committee for the record why Lopez, Edgardo Lopez, would have been beyond the jurisdiction of the United States, had he remained here? I presume that is the case. He could not have been indicted?

Mr. DAVIS. I am not certain of that. It is not clear if Mr. Lopez would have had diplomatic immunity. It is not clear, we were advised by the State Department, that a Consul has diplomatic immunity.

Mr. O'BRIEN. Is the grand jury still empaneled investigating this matter in general, and subsequent prosecution?

Mr. DAVIS. The grand jury is still considering this matter, and it might or might not produce indictments. But the grand jury is still receiving additional evidence.

Mr. HUBBARD. Thank you, our excellent counsel.

Congressman Bauman?

Mr. BAUMAN. I wonder if we might ask Mr. Davis to stay, and decide whether or not it might be well for Mr. Davis to testify this afternoon in closed session.

I think since we have a number of witnesses tomorrow, this information might be helpful to the committee.

Mr. HUBBARD. Could you, please?

Mr. DAVIS. I will be happy to wait.

Mr. HUBBARD. We do have Eugene W. Gleason to testify next and as soon as we return from this rollcall, which hopefully will be 10 minutes or less.

The committee stands in recess.

[Brief recess.]

Mr. HUBBARD. The subcommittee will now again come to order. Were there any other questions of Mr. Richard Davis?

Mr. BAUMAN. Mr. Davis said it would probably be better for the committee's convenience, and his, too, to call him early tomorrow morning. Perhaps we could call him early tomorrow to hear whatever additional evidence he has.

I would suggest that rather than doing that this afternoon.

Mr. HUBBARD. To that I would add, could we please confer with you after the testimony of Mr. Gleason, or do you need to leave?

Mr. DAVIS. I need to leave at some point this afternoon. But I can be around for a little while, and will be happy to discuss it with you.

Mr. HUBBARD. The staff, Mr. Bauman and this Congressman will confer with you just to give us a chance to chat with you this afternoon later, or this evening. You have been asked not to leave the country. [Laughter.]

Mr. DAVIS. I can assure you, I won't.

Mr. HUBBARD. By someone with more weight than I. I realize you are trying to be cooperative, and yet you are also trying to be careful in your delicate situation. And I empathize with your need to be careful in what you say, even in a closed session.

Mr. DAVIS. That is correct. We still have trial problems. You wouldn't want a closed session followed by a fight with trial defense attorneys which could lead to their request for a transcript of the closed session, which could have classified materials revealed.

We could be creating a gray mail situation, which we have created in other cases.

I would be happy to make arrangements.

Mr. HUBBARD. We will discuss it with you later today. But again, as I say, as Chairman I can empathize with you, and as an attorney, your delicate situation as to what you could say in a closed session.

Thank you.

Mr. DAVIS. I appreciate it. Thank you.

[The following was received for the record:]

STATEMENT OF THE HON. RICHARD J. DAVIS, ASSISTANT SECRETARY OF THE
TREASURY, ENFORCEMENT AND OPERATIONS

Mr. Chairman and members of the subcommittee, we are here today in response to your request for testimony concerning various investigations conducted by Treasury law enforcement agents into a series of firearms transactions in Miami, Florida. These investigations, which are still ongoing, have resulted in one indictment which is now pending in the Southern District of Florida. Some aspects on this matter are now before the Grand Jury.

In appearing here today, there are two considerations about which the Committee should be aware. First, because the underlying facts involve evidence in both a pending trial and an ongoing investigation, we are seriously restricted as to what we can say in public session. As described previously to the Committee staff, our public testimony will be limited to describing those materials already formally in the public record. To do otherwise could jeopardize the ability of the United States to conduct the trial of this matter and to successfully complete these inquiries, consequences neither we, nor we are sure, the Committee desire.

Second, since these events are still under investigation, the state of our knowledge is necessarily in flux and, as to some aspects, incomplete.

With these cautions in mind, I would like to describe the state of these investigations.

An indictment was filed in Miami charging Jose Pujol (an employee of Air Panama), Carlos Wittgreen (a Panamanian), Walter McComas (an exporter), James Howell (owner of Public Safety Associates), and Jose Alvarez (firearms dealer), with conspiring to violate the Gun Control Act by dealing in firearms without proper licenses and with failing to maintain required records. Mr. Alvarez was also charged

with certain recordkeeping violations. The transactions referred to in the indictment included .30 caliber M-1 rifles, pistols and ammunition. The indictment states that a number of these firearms were transported to Panama. While an affidavit filed in connection with the arrest of Mr. Pujol quotes him as saying these weapons would be going to Nicaraguan guerrilla forces, the indictment does not contain this allegation and the case filed does not specifically relate to any export violations.

The affidavit also refers to the participation of the Panamanian Consul in Miami, Edgardo Lopez, in these transactions. A copy of both the affidavit and indictment are attached to my statement.

In addition, a related investigation is also in progress concerning certain weapons which were shipped from Miami to Panama under legal licenses issued by the Office of Munitions Control in the State Department. The licenses authorized shipment of 250 weapons to Caza y Pesca, a company in Panama. Certain weapons traced to these shipments, we have been informed, have been seized in Nicaragua. The purpose of this investigation is to determine whether there has been any criminal violation of the Arms Export Control Act by diverting weapons contrary to the terms of the license. Some of the weapons brought to this country by Nicaraguan officials in the last several days are involved in this inquiry.

This completes my prepared statement. Consistent with the limitations existing on what can be said in public session, I will be prepared to answer any questions you may have.

RJS:vj

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

NO.

 18 USC 371
 M/S 10,000 - 5 years
 18 USC 922(a)(1)
 M/S 5,000 - 5 years
 18 USC 922(b)(5)

UNITED STATES OF AMERICA)
 v.)
 JOSE A. PUJOL,)
 CARLOS WITTGREEN,)
 WALTER McCOMAS,)
 JAMES HOWELL,)
 and)
 JOSE ANTONIO ALVAREZ,)

INDICTMENT

The Grand Jury charges that:

COUNT I

From on or about August 1, 1978, and continuing up to and including January 29, 1979, at Dade County, in the Southern District of Florida, the defendants,

JOSE A. PUJOL,
 CARLOS WITTGREEN,
 WALTER McCOMAS,
 JAMES HOWELL,
 and
 JOSE ANTONIO ALVAREZ,

did wilfully, knowingly and unlawfully combine, conspire, confederate and agree with each other and with other persons to the Grand Jury known and unknown, to commit offenses against the United States, to-wit: to violate Title 18, United States Code, Sections 922(a)(1) and 922(b)(5).

It was a part of said conspiracy that the defendants would engage in the business of dealing in firearms, and in the course of such business would ship or transport firearms in foreign commerce, to-wit: from Miami, Florida, to The Republic of Panama, without being licensed to do so.

It was further a part of the scheme and conspiracy that JOSE ANTONIO ALVAREZ, although being a Federal firearms licensed dealer, assisted CARLOS WITTGREEN and JAMES HOWELL in the purchase of large quantities of firearms without maintaining proper records thereof pursuant to Title 18, United States Code, Section 923(g).

OVERT ACTS

In furtherance of and to effect and achieve the unlawful goals of the conspiracy the defendants did at or about the times and locations hereinafter referred to, commit certain overt acts, among which are the following:

1. On or about August 8, 1978, JOSE ANTONIO ALVAREZ purchased six (6) firearms from the Valor Corporation, 5555 N.W. 36th Street, Miami, Florida.

2. On or about September 7, 1978, JOSE ANTONIO ALVAREZ purchased fifty-five (55) firearms from the Valor Corporation, 555 N.W. 36th Street, Miami, Florida.

3. On or about September 8, 1978 JOSE ANTONIO ALVAREZ purchased fifteen (15) firearms from the Valor Corporation, 5555 N.W. 36th Street, Miami, Florida.

4. On or about September 8, 1978, JOSE ANTONIO ALVAREZ purchased two (2) firearms from South Florida Police Products, Inc., 2072 N.W. 7th Street, Miami, Florida.

5. On or about September 8, 1978, JOSE ANTONIO ALVAREZ ordered one hundred (100) .30 caliber M-1 rifles from Universal Firearms Corporation, 3740 E. 10th Court, Hialeah, Florida.

6. On or about September 12, 1978, JOSE ANTONIO ALVAREZ purchased seventy-seven (77) firearms from the Valor Corporation, 5555 N.W. 36th Street, Miami, Florida, and subsequently transported the firearms to CARLOS WITTGREEN in the Republic of Panama.

7. On or about September 20, 1978, JOSE A. PUJOL ordered a quantity of firearms from Garcia National Gun Shop,

8. On or about September 22, 1978, JOSE .ANTONIO ALVAREZ purchased eight (8) .30 caliber M-1 rifles from Universal Firearms Corporation, 3740 E. 10th Court, Hialeah, Florida, and subsequently transported the firearms to CARLOS WITTGREEN in the Republic of Panama.

9. On or about September 29, 1978, JOSE A. PUJOL and Edgardo Lopez, the Panamanian Consul in Miami, went to Garcia National Gun Shop, 225 S.W. 22nd Avenue, Miami, Florida.

10. On or about October 9, 1978, JOSE A. PUJOL ordered a quantity of firearms from Garcia National Gun Shop, 225 S.W. 22nd Avenue, Miami, Florida.

11. On or about October 31, 1978, JOSE ANTONIO ALVAREZ and Edgardo Lopez went to Universal Firearms Corporation, 3740 E. 10th Court, Hialeah, Florida, where ALVAREZ received one hundred (100) .30 caliber M-1 rifles.

12. On or about November 6, 1978, JOSE ANTONIO ALVAREZ ordered one hundred fifty (150) .30 caliber M-1 rifles, for CARLOS WITTGREEN, from Universal Firearms Corporation, 3740 E. 10th Court, Hialeah, Florida.

13. On or about November 9, 1978 JOSE ANTONIO ALVAREZ and Edgardo Lopez went to the Tamiami Gun Shop, 2975 S.W. 8th Street, Miami, Florida, where Lopez purchased seven (7) pistols and one (1) shotgun. JOSE ANTONIO ALVAREZ then transported these firearms to The Republic of Panama.

14. On or about November 9, 1978, JOSE A. PUJOL went to Garcia National Gun Shop, 225 S.W. 22nd. Avenue, Miami, Florida, to receive firearms he had previously ordered.

15. On or about January 15, 1979, WALTER MCCOMAS and CARLOS WITTGREEN went to the the Tamiami Gun Shop at 14123 South Dixie Highway, Miami, Florida, where CARLOS WITTGREEN ordered one hundred fifty (150) .30 caliber M-1 rifles.

16 On or about January 15, 1979, JOSE ANTONIO ALVAREZ and JAMES A. HOWELL ordered one hundred fifty (150) .30 caliber M-1 rifles from Southern Gun Distributors, 13490 N.W. 45th Avenue, Miami, Florida.

17. On or about January 19, 1979, WALTER McCOMAS went to The Tamiami Gun Shop at 14123 South Dixie Highway, Miami, Florida.

18. On or about January 23, 1979, WALTER McCOMAS and CARLOS WITTGREEN went to the Tamiami Gun Shop at 14123 South Dixie Highway, Miami, Florida, where CARLOS WITTGREEN paid for nine (9) .30 caliber M-1 rifles, twelve (12) pistols, and 14,000 rounds of ammunition.

19. On or about January 24, 1979, WALTER McCOMAS and CARLOS WITTGREEN picked up firearms from the Tamiami Gun Shop and took them to Air Panama, Miami International Airport.

20. On or about January 29, 1979, JOSE ANTONIO ALVAREZ and JAMES A. HOWELL went to Southern Gun Distributors where JAMES A. HOWELL told the salesman to deliver the one hundred fifty (150) .30 M-1 rifles to Miami International Airport for delivery to Caza y Pesca in the Republic of Panama. Caza y Pesca is the company of CARLOS WITTGREEN.

All in violation of Title 18, United States Code, Section 371.

COUNT II

On or about August 13, 1978, in the Southern District of Florida, and elsewhere, the defendant,

JOSE ANTONIO ALVAREZ,

being a licensed dealer of firearms, knowingly did deliver to CARLOS WITTGREEN six (6) firearms, without noting in his records, required to be kept pursuant to Title 18, United States Code, Section 923, the name, age and place of residence of CARLOS WITTGREEN; in violation of Title 18, United States Code, Section 922(b)(5).

COUNT III

On or about September 11, 1978, in the Southern District of Florida, the defendant,

JOSE ANTONIO ALVAREZ,

being a licensed dealer of firearms, knowingly did deliver to CARLOS WITTGREEN approximately seventy-two (72) firearms, without noting in his records, required to be kept pursuant to Title 18, United States Code, Section 923, the name age and place of residence of CARLOS WITTGREEN; in violation of Title 18, United States Code, Section 922(b)(5).

COUNT IV

On or about September 25, 1978, in the Southern District of Florida, and elsewhere, the defendant,

JOSE ANTONIO ALVAREZ,

being a licensed dealer of firearms, knowingly did deliver to CARLOS WITTGREEN thirty-eight (38) firearms, without noting in his records, required to be kept pursuant to Title 18, United States Code, Section 923, the name, age and place of residence of CARLOS WITTGREEN; in violation of Title 18, United States Code, Section 922(b)(5).

A TRUE BILL

FOREPERSON

for J. V. Eskenazi

J. V. ESKENAZI
UNITED STATES ATTORNEY

R. Jerome Sanford

R. JEROME SANFORD
ASSISTANT UNITED STATES ATTORNEY

AFFIDAVIT

STATE OF FLORIDA)
) SS
 COUNTY OF DADE)

BEFORE ME the undersigned authority personally appeared Special Agent Donald R. Kimbler, of the United States Bureau of Alcohol, Tobacco and Firearms, Miami, Florida, who upon being duly sworn, deposes and says on information and belief:

On September 20, 1978, JOSE PUJOL, ordered the following weapons and accessories from Garcia National Gun Shop, 225 S.W. 22nd Avenue, Miami:

Ten(10) Remington #742, 30.06 Caliber rifles
 Twenty(20) #742 magazines for the rifles
 Ten(10) telescopic sights

PUJOL told the salesman that the Panamanian Consul was responsible for everything and that he, PUJOL, was the middle man in the deal.

On September 22, 1978, PUJOL returned to Garcia National Gun Shop and signed ATF Form 4473 for the rifles he had ordered. The salesman told PUJOL that he would need a license to export the weapons. PUJOL said he would take the chance in exporting the rifles because he was putting them into the airplane himself. PUJOL made a phone call, and then told the salesman he would be ordering firearms in quantities amounting to \$2,000,000.00. PUJOL also said that the weapons were going to Nicaraguan guerilla forces.

On September 29, 1978 PUJOL returned to the Garcia National Gun Shop and placed another order for the following weapons and accessories:

Three(3) Colt AR-15 rifles
 Ten(10) Browning 9 mm pistols
 3000 rounds of 9 mm ammunition
 Three(3) telescopic sights for the AR-15 rifles
 Fifteen(15) boxes of 30-30 caliber ammunition
 Thirty(30) 30-round magazines
 Ten(10) Browning 9 mm magazines

Later that day, PUJOL went to the Garcia National Gun Shop with EDGARDO LOPEZ, the Panamanian Consul in Miami. LOPEZ signed ATF forms 4473 for the weapons PUJOL had ordered earlier. PUJOL later returned and received the weapons he had ordered.

Donald R. Kimbler

On October 9, 1978, PUJOL ordered approximately \$25,000 of weapons and accessories. The order consisted of:


Ten (10) Remington #742, 30-06 caliber rifles
 One (1) Colt AR-15 rifle
 Twelve (12) Colt 45 caliber pistols
 2000 rounds of .308 rifle ammunition
 6000 rounds of 30-06 rifle ammunition
 Ten (10) telescopic rifle sights
 Forty (40) Remington 30-06 magazines

On November 7, 1978, Edgardo Lopez, José Antonio Alvarez, and another Latin male, entered Garcia National Gun Shop at 2:45 P.M. I observed Lopez sign the ATF forms 4473 for the weapons described above and others.

On November 9, 1978, LOPEZ, AND ALVAREZ went to the Tamiami Gun Shop, 2975 S.W. 8th Street, Miami, Florida. LOPEZ purchased seven pistols and one shotgun. LOPEZ gave the handguns to ALVAREZ, who then transported the weapons to Panama aboard AIR PANAMA.

On November 9, 1978, at about 2:00 P.M. I seized the weapons and accessories which were ordered by PUJOL on October 17, 1978, for which LOPEZ signed the ATF forms 4473.

On November 10, 1978, LOPEZ stated to me that he had been involved in at least seven firearms transactions which PUJOL and ALVAREZ which involved the purchase of over two hundred firearms to be exported from the United States. LOPEZ said he had received his instructions from an official of the Panamanian G-2, an intelligence agency of the Republic of Panama.


 DONALD R. KIMBLER,
 Special Agent, A.T. & F.

SWORN to and SUBSCRIBED before me, this 27 day of April 1979, at Dade County Florida.


 HERBERT S. SHAPIRO
 UNITED STATES MAGISTRATE

Mr. HUBBARD. Now we call Mr. Eugene W. Gleason, investigator for the Merchant Marine and Fisheries Committee.

He previously was an investigator for the House Judiciary Committee on Crime; and for 11 years was an investigator for the Senate Subcommittee on Juvenile Delinquency.

Mr. Gleason, thank you for your testimony, and please proceed.

**STATEMENT OF EUGENE W. GLEASON, INVESTIGATOR,
COMMITTEE ON MERCHANT MARINE AND FISHERIES**

Mr. GLEASON. After a number of inquiries to the committee concerning the accuracy of news reports about gun smuggling between the United States and Panama, the chairman directed the investigative staff of the committee to undertake a review of the available public information for the express purpose of informing the committee of the accuracy of those reports.

Carrying out that directive, I have visited Miami, Fla., on two occasions. Along with other members of the staff, we have interviewed officials of the Department of the Treasury including the Bureau of Alcohol, Tobacco, and Firearms; Customs; State Department officials, including the Munitions Control Agency; spokesmen for the Department of Justice. We referred to CIA documents and talked to media representatives and others.

The news stories in question—which have been supplied to the members of the committee—concern the indictment and arrest of five men in Miami, Fla., in early May, for the illegal purchase and export of firearms to Panama. They include an official of the Panamanian Government.

The second case involved four men indicted on April 24, by a Federal grand jury in Brownsville, Tex., on firearms conspiracy charges involving the purchase and transfer of 1,000 machine guns. One man in that case was held on \$1 million bail.

Both of these gunrunning conspiracy cases were the result of outstanding police work by agents of a half-dozen or more Federal agencies including the Bureau of Alcohol, Tobacco, and Firearms; Customs; the Drug Enforcement Administration; the U.S. Coast Guard; the U.S. Fish and Wildlife Service; and the State Department's Munitions Control Division; along with the close cooperation of the Department of Justice.

I want to point out here we will take every precaution not to prejudice pending prosecutions that might be involved in this matter. All this material has been assembled from public records.

So the question was put this way:

Question. Was there a conspiracy to illegally purchase and transport arms to Panama?

Answer. Yes, and the Government has so charged.

Question. Were arms successfully and illegally smuggled into Panama?

Answer. Yes, the Government has so charged.

Question. Is there evidence that at least some of these weapons were subsequently transferred from Panama to Nicaragua?

Answer. Yes. The Government has traced a large quantity of M-1 carbines, a standard World War II Army weapon, from the manufacturer and distributor in the United States to the Government of Panama.

Within a matter of weeks after that transaction, the weapons were captured inside Nicaragua and the serial numbers were matched up with those sold to Panama and reported in connection

with an export permit issued by the Munitions Control Agency of the State Department.

You have before you a copy of the indictment from the U.S. District Court of the southern district of Florida which outlines that conspiracy and names five defendants in the case—two of which are identified as agents of the Panamanian Government.

They are: Carlos Wittgreen and Jose Antonio Alvarez. Alvarez has been arrested and charged. Wittgreen was arrested but fled to Panama. A third unindicted coconspirator was Edgardo Lopez, a Consul of Panama, stationed in Miami, who has also fled to Panama.

When questioned by Donald R. Kimbler, special agent, A.T. & F., last November 10, Edgardo Lopez stated to Kimbler that he had been involved in at least seven firearms purchases involving over 200 weapons which have been illegally exported from the United States.

Agent Kimber's statement on file with the court in which he outlines the investigation and the conspiracy is in the file before you.

The indictment before you details the illegal purchases and/or transfer—this is in the indictment—of at least 817 M-1 carbines which went to Panama. A number of those weapons have been taken from Sandinista insurgents by the Nicaraguan National Guard. Some of those captured weapons have been returned to the United States and are in the hearing room today.

The particular weapons I refer to were sold by Southern Gun Distributors in Miami, Fla., to Public Safety Associates, of Fort Lauderdale, and sold to Caza y Pesca, S.A., of Panama.

The sale was authorized by the State Department and the export permit for that sale is among the documents you have before you.

The permit was issued January 24, 1979. More than 70 of the weapons were captured in Nicaragua in mid-April after their delivery to Caza y Pesca via Air Panama—a government-controlled corporation.

The second case before you, the Brownsville, Tex., indictment, is detailed in a public statement by ATF Director G. R. Dickerson. It is a conspiracy case involving one thousand military-type machine guns, \$100,000 worth of parts. That document is a part of your file. Four men were named in the indictment which was handed up this past April 24.

Other witnesses scheduled to appear before this committee are prepared to discuss both of these cases in more detail.

I should point out that in pursuing this inquiry we have had excellent cooperation from the administration and its agencies. The indictments are the result of outstanding law enforcement work by the Government agencies. In the files prepared for each member are news stories comprehensively prepared by Joe Crankshaw and Sam Jacobs, of the Miami Herald, columnist Walter Reilly and television reporter Carl Lazenby.

So the question is, was there any truth in these rumors, and particularly, the news reports about guns being smuggled from the United States into Panama, and presumably then on into Mexico?

Material you have before you and comments I made substantially verifies that that is true.

That is about it.

Mr. HUBBARD. Thank you very much, Mr. Gleason, for your excellent testimony and work as our committee investigator.

Do you have knowledge as to the whereabouts of Edgardo Lopez, the Panamanian Consul stationed in Miami?

Mr. GLEASON. I have been told that he is back in Panama. If I were him, having talked like that, I would be a little concerned about going back, having admitted making illegal purchases, so forth.

Mr. HUBBARD. Say that again?

Mr. GLEASON. If I were Mr. Lopez, I would be concerned about going back to Panama, having admitted to Federal agents the existence of a conspiracy.

But I am told that is where he is, back in Panama.

Mr. HUBBARD. Mr. Bauman.

[No response.]

Mr. HUBBARD. Mr. Wyatt.

[No response.]

Mr. HUBBARD. Mr. Carney.

[No response.]

Mr. HUBBARD. Mr. Hansen.

Mr. HANSEN. When did you start your investigation?

Mr. GLEASON. I am trying to think. About a month ago.

Mr. HANSEN. Would you say that you needed even more time to investigate, or do you feel you have completed—

Mr. GLEASON. In view of the pending cases, it will be hard to go further and discuss it publicly. But we can always use more time.

Mr. HANSEN. Is this the only discovery you fully developed of agents?

Mr. GLEASON. There was a statement in the newspapers by an ATF agent, who presumably is a lot more knowledgeable than I, agent Lee Waldrop, a supervisor in the Miami office of the ATF. He said: "We are supplying all of the Panama runs with the instruments of war."

The newspapers quote Lee Waldrop, Chief of the Government's Bureau of ATF in Miami.

Mr. HANSEN. Thank you.

Mr. HUBBARD. Mr. Wyatt.

Mr. WYATT. Thank you, Mr. Chairman.

Mr. Gleason, one thing I am confused about, and that is the question of exchange of parts in Brownsville. Has there been a tie-in between those purchases and the fact that parts have gotten to either Mexico or Panama?

Mr. GLEASON. You mean, has there been enough time for them to get there?

Mr. WYATT. No. What is the relevance of the machinegun parts in Brownsville?

Mr. GLEASON. Well, there were a 1,000 machineguns, plus \$100,000 worth of machinegun replacement parts involved in that Brownsville conspiracy.

And they were shipped by, I am told, men who were not American. And they were going to Latin America.

Mr. WYATT. Somewhere in Latin America?

Mr. GLEASON. Some.

Mr. WYATT. And the principals involved were Mexicans?

Mr. GLEASON. Yes.

Mr. WYATT. All of them?

Mr. GLEASON. I don't know. I believe the principals were. However, in the Miami case, some of the principals were Panamanians, and many of them were Americans.

Mr. WYATT. Has there been any kind of connection between that and the Brownsville situation?

Mr. GLEASON. I don't have enough information to state that to be true.

Mr. WYATT. Do you have any idea where the machineguns were going?

Mr. GLEASON. It is my understanding that they were going to Latin America.

Mr. WYATT. Just to Latin America?

Mr. GLEASON. That is correct, and that they left on Panamanian freighter.

Mr. WYATT. Where was the first stop?

Mr. GLEASON. I have no idea.

Mr. WYATT. It had to have a first destination.

Mr. GLEASON. It sure did.

Mr. WYATT. And the guns were intercepted on this ship?

Mr. GLEASON. No, unfortunately—I gather the ship left port, and the guns themselves have never been retrieved in that case.

Mr. WYATT. They were removed from this country?

Mr. GLEASON. Yes, they are out of the country. They are gone.

Mr. WYATT. And removed on a ship bearing a Panamanian flag?

Mr. GLEASON. That is my understanding, sir.

Mr. WYATT. There has been no attempt to determine where that ship stopped?

Mr. GLEASON. I am sure there were attempts made. I am confident there were attempts made by the Government. Customs or ATF, or somebody, may know. I don't know.

Mr. HUBBARD. Thank you, Congressman Wyatt.

Mr. Bauman?

Mr. BAUMAN. No questions.

Mr. HUBBARD. Mr. Larry O'Brien, our counsel.

Mr. O'BRIEN. In addition to this Panamanian freighter, were there other modes of transport for weapons out of the United States? Specifically, were these weapons transported by air?

Mr. GLEASON. Air Panama, it has been established that Air Panama—I don't know how much—but I guess certainly thousands of them flown from Miami without permits on Air Panama.

One of the principals involved, Antonio Alvarez, as the air freight officer for Air Panama, and he routinely loaded them on the plane and dropped them off in Panama.

Mr. O'BRIEN. It is my understanding—correct me if I am wrong—Air Panama is 70 percent owned by Banco Nina.

Mr. GLEASON. That is correct.

Mr. O'BRIEN. And I understand there are 30-percent shareholders, two citizens of Panama and five U.S. citizens.

Mr. GLEASON. That is correct.

Mr. O'BRIEN. One of the four was assassinated inside Panama?

Mr. GLEASON. Yes. I understand there was a meeting in Panama that had to do with the ownership of Air Panama. In the meeting there subject was called out to take a phone call, and when taking it, was shot in the head.

Mr. O'BRIEN. With respect to Mr. Crankshaw, did you interview him?

Mr. GLEASON. Yes.

Mr. O'BRIEN. Did he provide you with additional background information you have not provided us with?

Mr. GLEASON. There is a great deal of material in some of these stories, which I believe ought to be submitted for the record.

Mr. O'BRIEN. Could you summarize that for the record? These articles are in print?

Mr. GLEASON. Yes.

Mr. Crankshaw's experience in these matters as a reporter with some considerable experience and he has military experience.

He said some clerks had been caught sneaking out guns concealed in refrigerators, air conditioners, boxes, automobile transmissions, and rubber gloves. It is like a sieve, in his words.

He was also very complimentary to the Federal agent involved with people with the experience in the enforcement of the gun laws, and particularly knowing they have limited resources. And the problem is similar to the one with narcotics.

We have a wide open border. If the same is true where firearms are concerned, if the situation is the same with firearms as it is with narcotics—and I believe it is—they don't catch any more than 10 percent of what is now being smuggled out.

Mr. O'BRIEN. Did you have occasion to learn anything about the operations of Garcia National Gun Shop in Miami?

Mr. GLEASON. Yes, the Garcia Gun Shop, I did not get a chance to visit that myself. It is in a place called Little Cuba, and I understand that it was during examination of the records, a routine examination of the records of the Garcia Gun Shop, and the Tamiami Gun Shop, and others, by Federal agents, that they noticed a large number of handguns, and ammunition being sold to individuals. Unusually large amounts, 50,000 rounds. That is how the investigation began.

The same is true where long guns are concerned, which are not nearly as strictly watched. They went to check the same places, and long guns were going to the same two individuals.

I do not know from the comments that have been made by the people at Garcia Gun Shop, they are cooperating with the Government, it would suggest to me that their records were somewhat less than complete when examined. Not all of the records required under the 1968 gun control law were being kept, or were not being kept accurately.

I have talked to a former salesman from the Garcia Gun Shop, he is a licensed gun dealer, a Federal licensee, and apparently experienced these things, and he observed some of these large sales being made, raised some questions about them, and was detailed to a clerk's job. When he asked further questions about them, he was dismissed.

However, he was there, and was present in the shop when a number of these transactions involving Pujol, however it is pro-

nounced, Alvarez and Lopez were present. He actually witnessed a number of the sales.

Mr. O'BRIEN. One final question. It is my understanding that your investigation is continuing, that you contemplate demonstrating possibly at tomorrow's hearing that Mr. Edgardo Lopez, who we established was the counsel from Miami, and Panama, may have been a recipient of funds disbursed from U. S. Federal agencies?

Mr. GLEASON. That is my understanding. Hopefully we will be able to say something about that tomorrow.

Mr. O'BRIEN. Thank you.

I have no further questions.

Mr. HUBBARD. Any other questions, from any member of the subcommittee, or visiting Congressmen?

Thank you, Mr. Gleason.

Mr. GLEASON. Thank you, Mr. Chairman.

Mr. HUBBARD. Thank you again for your testimony.

While we are waiting on any members to testify, we will repeat that Ambassador Carlos Lopez-Guevara, Ambassador from Panama to the United States, was invited by Chairman John Murphy, chairman of the Merchant Marine and Fisheries Committee, to testify before our subcommittee hearings, either today or tomorrow, but the Ambassador called to inform the chief of staff of our Merchant Marine and Fisheries Committee, namely Carl Perian, to my right, Mr. Lopez-Guevara informed Mr. Perian this morning that he would not be testifying, "because there has been too much misinformation spread abroad on this issue."

Once again, the chairman of this subcommittee would invite Mr. Carlos Lopez-Guevara to come before us today or tomorrow to clear up that misinformation to which he refers. We would be delighted to have him testify, but regret that he has made the decision not to appear.

Is Mr. George Hansen—the Congressman from Idaho—here?

OK.

Congressman Hansen is attending to an amendment on the House floor. He does want to testify before this House subcommittee, and he can do that tomorrow.

If there is no other business to come before us on this day, we will adjourn today and reconvene tomorrow, Thursday, June 7, at 10 a.m., in this same committee room.

Thank you.

[Whereupon, at 3:37 p.m., the subcommittee recessed, to reconvene at 10 a.m., Thursday, June 7, 1979.]

PANAMA GUNRUNNING

THURSDAY, JUNE 7, 1979

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PANAMA CANAL,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:12 a.m., in room 1334, Longworth House Office Building, Hon. Carroll Hubbard, Jr., chairman of the subcommittee, presiding.

Present: Representatives Hubbard, Studds, Bowen, Hughes, Bonior, Lowry, Bauman, Dornan, Carney and Evans of the Virgin Islands.

Staff present: Carl Perian, chief of staff; Penny Perian, administrator; Larry O'Brien, chief counsel; Terry Modglin, counsel, Subcommittee on Panama Canal; Ken Merin, minority counsel, Subcommittee on Panama Canal; Kai Midboe, minority counsel; Taddy McAllister, clerk, Subcommittee on Panama Canal; Molly Dominick, secretary, Subcommittee on Panama Canal; Michael Smith, staff, Subcommittee on Panama Canal; Ken Fendley, staff, Subcommittee on Panama Canal; Jean Fling, secretary to chief of staff; Marvadell Zeeb, secretary to counsel; Susan Baffa, press secretary; and Paris Russell, staff.

Mr. HUBBARD. The Subcommittee on the Panama Canal of the Committee on Merchant Marine and Fisheries is now called to order.

Fellow committee members, distinguished witnesses, and visitors, we are reconvening this hearing today after nearly 6 hours of intensively interesting and revealing statements by authoritative witnesses yesterday.

Again, let me assure you that I am prepared to let the evidence we examine this second day speak for itself. We have before us now another catalog of indepth findings that we want to use for our oversight benefit.

In review, this issue we are concerned with is the alleged covert dealing in arms by the Panamanian Government. This weaponry has been appropriated for use by revolutionaries in Latin America. Our interest has been principally centered in Nicaragua.

A résumé of findings that surfaced yesterday include these particulars:

One, indictments and affidavits have been filed indicating that there is probable cause to believe that a gun smuggling conspiracy involving Panamanian nationals may exist.

Two, erstwhile Panamanian Consul, Edgardo Lopez, appears to have been a principal participant in the conspiracy. He, according to our best information, has disappeared from the United States.

Three, Nicaraguan authorities have identified two streams of weapons reaching revolutionaries in their country: (a) The first stream originated in the Miami area and is identified by serial number cross-checking. These weapons were shipped to Nicaragua via Panama and then Costa Rica; and (b) stream two originated in Belgium early in 1960 according to affidavit. These war pieces were shipped to Nicaragua from Cuba via Costa Rica.

Four, recent reports are known of Cuban military aircraft of Soviet origin unsuccessfully attempting to land in Nicaragua.

Five, lastly, Panamanian aircraft and oceangoing vessels have apparently been used to transport military hardware out of the United States.

A word of caution is in order. The subcommittee is aware of the pendency of criminal actions in two Federal courts arising from weapons transactions at issue. Those cases will not be tried in these proceedings. Please recognize that official witnesses may circumscribe their testimony so as to protect individual rights and the Government's case chiefly.

Let me indicate that in a leadership meeting this morning, in the whip's office, in the Capitol, the program for the House of Representatives for the week of June 11, 1979, was given to each of us in the leadership. The chairman of this subcommittee is included in that group as an associate whip.

The Panama Canal legislation was not scheduled on the program for the House of Representatives for next week, except that I understand that at the insistence of the White House, this legislation is to be taken up next week, notwithstanding the fact that the House leadership did not plan to have it scheduled. It is our information that there is a barrage of well planned propaganda to be sent across the Nation in newspapers such as the Los Angeles Times, the New York Times, the Washington Post, as well as a barrage of telegrams to come in from distinguished Americans, including Henry Kissinger, former President Gerald Ford, John Wayne, and others, to urge that the House pass the implementation legislation Tuesday.

In that this well planned barrage of propaganda in favor of implementation legislation has been planned, and is ready to go, it is my understanding that the White House insists that the House take up the implementation legislation next Tuesday, even though on Tuesday, June 12, the tentative schedule as announced by the leadership in the whip meeting included only House Resolution 198, to dismiss the contested election in Maryland's Seventh District, and House bill 3821, the intelligence related activities authorizations for fiscal year 1980. Those are the only two bills had been were scheduled for Tuesday, June 12.

It is my understanding that 100—at least 100 Members of the House—are being invited to the White House Monday night for a session with President Carter regarding the implementation legislation. These facts, I think, should be known by the subcommittee and the members of the full committee, and the Members of Congress.

As I said, apparently there is a strong push being made from the White House that the bill be taken up next Tuesday, again, I say notwithstanding the fact that the leadership of the House did not

schedule it for next Tuesday. Again, according to one of the top ranking leaders of the House, at least 100 Members of the House are being invited to the White House for dinner and consultation with the President Monday night, preceding the Tuesday vote.

Let me now turn to the Honorable Robert Bauman, ranking minority member of the subcommittee for any statement that he may wish to make at this time.

Mr. BAUMAN. Mr. Chairman, thank you for yielding to me, but the minority has little to say about the scheduling of the House, and I will not have anything to say about that. I was not surprised, though, that the bill is not being brought up next week.

I did want to say that I concur in the evidence that we heard yesterday. I think at least a *prima facie* case has been made to prove that Panamanian involvement, whether official or unofficial, occurred in Miami. I think the evidence yesterday traced that stream of weapons, in two instances, to Nicaragua, and into the hands of the Nicaraguan Government.

I think today I would invite the subcommittee's close attention to the testimony that will be heard, particularly General Sumner. I do not know if you have had a chance to read it beforehand, because the implications of that testimony are great, indeed. They raise two questions in my mind. Whether or not the Congress was told the entire truth, the Congress and the administration, prior to the consideration of the Senate treaties.

Second, whether or not these treaties have not in fact already been subject to violations; so I would hope that those questions might be addressed subsequent to the General's testimony.

Thank you.

Mr. HUBBARD. Before we recess the subcommittee to the vote now being held in the House, I would repeat, one more time, that from what was said this morning, apparently the implementation legislation will be taken up next Tuesday, at the insistence of the President of the United States, based on the fact that all this well planned propaganda and advertising on behalf of the Panama Canal treaties has already been scheduled and paid for.

We will now recess for 15 minutes.

[Short recess.]

Mr. HUBBARD. The subcommittee will now come to order and we will resume the testimony of various witnesses.

Next we will call Lt. Gen. Gordon Sumner, Jr. Lt. Gen. Gordon Sumner is a native of Albuquerque, N. Mex., U.S. Army, retired.

To read just a portion of his biography, upon completion of his tour with the 80th Field Artillery, he was ordered to duty with the Strategic Operations Division of J-3, Joint Staff in Vietnam, where he served until February 1968. At this time he assumed command of the 25th Division Artillery at Cu Chi, Republic of Vietnam. In September of that year, he was assigned as Chief of Staff of the 25th Division.

In March 1969 he returned to Washington, D.C., to assume duties as Chief of the Field Artillery Branch in the Office of Personnel Operations. In September of 1970 he was assigned as Senior Military Assistant to the Assistant to the Secretary of Defense and the Deputy Secretary of Defense.

In July 1972 he was assigned to the Organization of the Joint Chiefs of Staff as Chief, Western Hemisphere Division, Plans and Policy Directorate. In July 1973 he was assigned as Director, Near East and South Asia Region, Office of the Assistant Secretary of Defense, International Security Affairs.

Also, in July 1973 he was promoted to major general. In August 1975 he was promoted to lieutenant general, and assigned as Chairman, Inter-American Defense Board, Washington, D.C., General Sumner retired from the active military service on May 31, 1978. He is presently consulting for Los Alamos Scientific Laboratories, in connection with work for the Department of Defense and Department of State.

General Sumner holds various degrees, including those he attained at Louisiana State University, and the University of Maryland.

General Sumner, we appreciate your being here, and we await your testimony.

[The following was received for the record:]

STATEMENT OF LT. GEN. GORDON SUMNER, JR., U.S. ARMY (RETIRED)

Mr. Chairman, gentlemen: I would like to express my appreciation for the opportunity to share my views with this Committee and the American people. Unfortunately, the facts of Panamanian involvement in supporting leftist/Communist terrorist groups in Central America have been denied the American people. But of even greater importance is the strategic significance of these efforts by General Omar Torrijos in destabilizing the entire Central American region. This is only one part, obviously important, of a strategic effort by the Soviets and their surrogates, the Cubans, to deny the United States access to the Caribe Basin.

As the Chairman of the Inter-American Defense Board (IADB), during the period 1975-1978, I was made painfully aware of the efforts by Cuba to export subversion throughout the hemisphere. This problem has been the subject of repeated resolutions by the Board over the past fifteen years. Almost all of the countries under attack by the leftist terrorists have produced extensive white papers documenting the Cuban/Soviet involvement and is a matter of daily discussion at the IADB.

Less obvious and less discussed has been the Panamanian involvement in this effort. From the standpoint of the IADB, the entire matter was one of acute embarrassment. As a member of the IADB Panama was officially committed to the security of the hemisphere, not its subversion. As a matter of fact, Omar Torrijos, as one of the 19 heads of state was my boss, along with President Somoza and President Carter.

My personal knowledge of Panama's involvement came from a two hour conversation with General Omar Torrijos in November, 1977. He told me then of his intention to support rebellion and insurrection in his neighbor republics. Following the bi-annual meeting of the Conference of the American Armies in Managua, Nicaragua, I traveled to Panama where a meeting with General Torrijos had been arranged by the Chief of Delegation from Panama.

While attending the Conference of American Armies in Managua, I had several conversations with President Somoza during which he outlined in great detail the Sandinista subversive effort and the support they were receiving from Havana. according to Somoza and some of his staff, some of this support was being funnelled through the *Guardia Nacional* of Panama. Naturally, this was a very disturbing and potentially disruptive development for the IADB, to say nothing of the impact on the Panama Canal Negotiations.

During my meeting with General Torrijos, I brought up this subject, fully expecting a full-blown denial. Much to my surprise and chagrine, General Torrijos defended the Sandinistas and his support of their efforts. Further, he stated that he would continue and increase this support. He told me that the United States and the IADB were unduly concerned with Communist subversion in Central America. I respectfully disagree with the General on these points.

In addition to the Sandinistas, General Torrijos strongly defended the opposition that was developing in El Salvador and stated that he, too, would support and assist the insurgents in their efforts to unseat his classmate, General Romero.

The entire session was most disturbing and I reduced the salient points to a memorandum which I forwarded to the late Gen. George Brown, Chairman of the Joint Chiefs of Staff. In addition, I personally discussed this problem with General Brown and other responsible officials in both State and Defense. In light of the indictment in Miami last month of five persons closely connected with Panamanian intelligence for illegally smuggling arms from the United States to the Sandinistas via Air Panama we have seen that Omar Torrijos lives up to promise. I never doubted that he would. Moreover, the report that a Cuban aircraft carrying 200 combat ready troops landed last week in Panama, from where the troops were then transported to a Sandinista camp in Costa Rica, strikes me as highly credible. It fully conforms with the intention Torrijos announced to me in November 1977.

My decision to testify against the Panama Canal Treaties before the Senate Armed Services Committee was in part influenced by my experience both in Managua and Panama. It was quite clear that General Torrijos was expanding his horizons to include support for revolution in Central America. I believed then, and do today, that he is under the influence of Communists/Marxists within Panama and Cuba, particularly Colonel General Noriega.

It was also quite clear that in addition to the many other faults of the treaties, we were involved with an unreliable and indeed dangerous partner in the negotiations. Neither the security interests of the United States, nor of the hemisphere for that matter, were to be served by supporting and assisting General Omar Torrijos and the people wielding power in Panama.

The unseemly haste of the group of people advising President Carter to consummate these treaties was just one more piece in a plan which has been devised to polarize this hemisphere into Left and Right—good guys and bad guys. The Leftist military dictators are all given white hats and designated as “human righteous” by a small group in the White House and State. The fact that they are supplying arms, training, money and support to murder and maim without discrimination makes a mockery of the President’s Human Rights Policy.

In summary, I would like to make the following points to this Committee:

1. The United States has a vital critical national security interest in the Caribe Basin. It cannot afford to stand by and watch this area destabilized by Castro, Torrijos or the Soviets.

2. General Omar Torrijos is actively aiding and abetting leftist subversion in the area. He has nothing but contempt and scorn for this country and our apparent weakness.

3. The Carter Administration policies are counterproductive and indeed are supporting instability and confusion in not only the Caribe Basin, but also the entire continent.

4. The Panama Canal Treaties should not be implemented under the present circumstances. Rather we should be examining other options to bring balance and moderation back into the Panama Canal problem.

The simple fact of this matter is that this country negotiated in haste, with complete disregard for the strategic realities, two treaties which are now being used to blackmail the U.S. Congress into paying money which will support subversion in the hemisphere. Don’t for one minute think that the rest of the world is not watching this comic opera performance as Torrijos exploits this situation.

Thank you. I will now answer any questions.

BIOGRAPHY OF LT. GEN. GORDON SUMNER, JR., U.S. ARMY (RETIRED)

Lieutenant General Gordon Sumner, Jr., was born in Albuquerque, New Mexico on 23 July 1924. After attending New Mexico Military Institute and Texas Agriculture and Mechanical College, he attended Armored Officer Candidate School at Fort Knox, Kentucky, graduating on 2 June 1944.

After duty with various Armored units, he was assigned as an instructor at Armored OCS. In 1945 he joined the Second Infantry Division and served with the 38th Regimental Combat Team at the Mountain and Winter Warfare Center.

In 1946, General Sumner was ordered to join the 6th Division in Korea where he commanded an artillery battery in Chinhai and was aide to the Division Commander in Pusan. Returning to the United States in 1946, General Sumner attended the Artillery School and served with the 6th Armored Field and the Gunnery Department at Fort Sill, Oklahoma.

In 1950, General Sumner returned to Korea with the 77th Field Artillery Battalion of the 1st Cavalry Division and participated in the Fall and Winter campaign. In November 1950, he was wounded and captured by Chinese forces northeast of Pyongyang. Escaping after two days, he returned to Japan through medical chan-

nels and was assigned to General Douglas MacArthur's staff where he authored General MacArthur's daily communiques.

Returning to attend the career course at Fort Sill in 1951, General Sumner completed parachute training prior to assuming the position of Senior Artillery Instructor at Louisiana State University in 1952.

Following this tour, General Sumner joined the 11th Airborne Division in 1955 and gyroscoped to Germany with the 544th Airborne Field Artillery Battalion. After two years as a Battery Commander, Battalion Executive and Battalion Commander, General Sumner joined USAEUR Headquarters in Heidelberg. During this period, he worked with the developing NATO Atomic Stockpile Program and was a member of a Joint State-Defense negotiating Group.

In 1959 General Sumner returned to Fort Leavenworth, Kansas, to attend the regular Command and General Staff College Course. Upon graduation, General Sumner was assigned to the Defense Atomic Support Agency for duty with J-3, Office of the Joint Chiefs of Staff, Washington, D.C. During this period, he participated in the development of the Single Integrated Operation Plan (SIOP) and the National Military Command System.

In 1963, he was ordered to the Armed Forces Staff College at Norfolk, Virginia, following which he was assigned to the faculty of the National War College. In June of 1964, he attended the National War College, graduating in June of 1965. At this time he was ordered to command the 6th Battalion, 80th Artillery of the 7th Infantry Division at Pongwon-ni, Korea.

Upon completion of his tour with the 80th Field Artillery, General Sumner was ordered to duty with the Strategic Operations Division of J-3, Joint Staff, where he served until February 1968. At this time, he assumed command of the 25th Division Artillery at Cu Chi, Republic of Vietnam. In September of that year, he was assigned as Chief of Staff of the 25th Division. In March 1969 he returned to Washington, D.C. to assume duties as Chief of the Field Artillery Branch in the Office of Personnel Operations. In September of 1970 he was assigned as Senior Military Assistant to the Assistant to the Secretary of Defense and the Deputy Secretary of Defense. In July 1972 he was assigned to the Organization of the Joint Chiefs of Staff as Chief, Western Hemisphere Division, Plans and Policy Directorate. In July 1973 he was assigned as Director, Near East and South Asia Region, Office of the Assistant Secretary of Defense (International Security Affairs). In July 1973 he was promoted to Major General. In August 1975 he was promoted to Lieutenant General and assigned as Chairman, Inter-American Defense Board, Washington, D.C., and retired from the active military service on 31 May 1978. Presently consulting for Los Alamos Scientific Laboratories, Department of Defense, Department of State, General Sumner holds the B.A. Degree from Louisiana State University, Baton Rouge, La., the M.A. Degree from the University of Maryland and completed course work on a Doctoral Degree at American University in Washington, D.C. He has published articles in the Infantry Journal, the Australian Quarterly and the National College Forum. He is a member of Phi Kappa Phi and Pi Sigma Alpha, Honorary Academic Fraternities.

Decorations awarded to General Sumner include the following:

- Distinguished Service Medal.
- Silver Star.
- Legion of Merit (with 3 Oak Leaf Clusters).
- Distinguished Flying Cross (with 13 Oak Leaf Clusters).
- Bronze Star Medal "V" Device.
- Army Commendation Medal (with Oak Leaf Cluster).
- Purple Heart.
- Senior Parachutist Badge.

STATEMENT OF LT. GEN. GORDON SUMNER, JR., U.S. ARMY, (RETIRED)

General SUMNER. Thank you very much, Mr. Chairman, gentlemen. I would like to express my appreciation for the opportunity to share my views and the experience, and I think the experience is the important part of this, with this committee and the American people.

Unfortunately, the facts of Panamanian involvement in supporting leftist/Communist terrorist groups in Central America have been denied the American people. I saw a great deal of this when I

was Chairman of the Inter-American Defense Board. There was a blackout of this particular subject, not only in the media, but also, I felt, in the U.S. Government.

But I think of even greater importance is the strategic significance of these efforts by Gen. Omar Torrijos in deestablishing the entire Central American region. This is only one part, obviously important, of a strategic effort by the Soviets and their surrogates, the Cubans, to deny the United States access to the Caribe Basin.

I have watched this over 3 years experience as the Chairman of the Inter-American Defense Board, and the frustration of being unable to get this, though, to the American people, but also to the officials of the Federal Government. That is one reason why I retired from active military duty.

As the Chairman of the Inter-American Defense Board, I was made painfully aware of the efforts by Cuba to export subversion throughout the hemisphere. This problem has been the subject of repeated resolutions by the Board over the past 15 years.

The latest resolution occurred during my tour, and my term as the Chairman of the Board, when the Board made a very strong statement, and transmitted the statement to the member governments, when the Cubans became involved in Africa. The implications of what was going on in Africa, at that time, the reflection of that problem back into this hemisphere.

Almost all of the countries that have been under attack by the leftist terrorists have produced extensive white papers, documenting the Cuban/Soviet involvement, and it is a matter of daily discussion over at the Inter-American Defense Board.

As a matter of fact, yesterday the Chief of the Nicaraguan Delegation asked for, and there was a special session of the Inter-American Defense Board, to discuss this very subject.

Less obvious, and less discussed, however, has been the Panamanian involvement in this effort. From the standpoint of the Inter-American Defense Board, the matter has been, and I am sure it is today, one of acute embarrassment. As a member of the Inter-American Defense Board, Panama was officially committed to the security of the hemisphere, not its subversion. They are the members of the Rio Treaty, and they have kept a delegation in Washington at the Inter-American Defense Board since its inception.

As a matter of fact, in my position as the Chairman of the Defense Board, Gen. Omar Torrijos was one of my bosses, as was President Somoza and President Carter. I was under their—under the terms of the treaty, under their control.

My personal knowledge of Panama's involvement came from a 2-hour conversation with Gen. Omar Torrijos in November 1977. He told me then of his intention to support the Sandinistas, to support the insurrection in not only Nicaragua but also El Salvador, and during this 2-hour conversation, he expressed the opinions that the Sandinistas were his good friends. The Sandinistas were just a bunch of good old boys. This meeting followed our biannual meeting of the Conference of the American Armies in Managua, Nicaragua, I traveled to Panama where a meeting with Gen. Torrijos had been arranged by the Chief of Delegation, at that time, Major Dubrai; at the meeting, with just Omar Torrijos and myself and my

aide, Major Dubrai, who was born in Panama, and is a native speaker in the language.

While I was in the conference at Managua, which lasted a week, I had several private conversations with President Somoza, during which time he outlined, in great detail, the problems he was having with the Sandinistas. He told me at that time that he felt they were not only receiving support from Havana, but that some of the support was being funneled through Panama, and of course, he was very disturbed about this, and in turn I became disturbed, because the fact that the Panamanians were involved in this was a potentially disruptive development for the Inter-American Defense Board.

The mission of the Board is to look out for the security of the hemisphere, and we normally do not get involved in bilateral issues. But obviously, the threat to the hemisphere from the Communists and from the subversion, and knowing what we did about what was going on throughout the entire hemisphere, this was really a very distressing development.

The Panama Canal negotiations were getting cranked up, and I saw at this time that this was really a bad development.

When I met with General Torrijos, I brought this up, and I expected him to give me a denial. Well, much to my surprise, he not only did not deny it, but as I say, he said he would continue the support, and defended the Sandinistas. He told me at that time, he said you people on the Board get too worried about these Communists. That is not really a problem. He said you know there is a lot going on, socialism is the way of the future, and you people are behind the power curve on this. He had quite a bit to say about this.

In 2 hours, Gen. Omar Torrijos can say quite a bit, and he did. I respectfully disagreed with the General at that time, and pointed out that the Inter-American Defense Board, as a corporate body, not only disagreed with his point of view, but they violently disagreed with his point of view, the Sandinistas, and the entire subversive efforts in the Caribbean in particular, in Central America, was just not homegrown politics.

One point he made which I did not really pick up on at the time, after talking about the Sandinistas, he turned to El Salvador and he said, you know, my classmate, General Romero, wants to use tanks rather than talking. He said he is wrong, and I am going to do something about that situation, too.

I thought it was just a bit of conversation at the time, but in light of the events, I see that he was quite serious about it. Well, as I have said, the entire session was most disturbing.

I was on my way down the continent. Upon my return to Washington, I reduced this conversation, the salient points of the conversation with General Torrijos, to a memorandum, which I forwarded to the late Gen. George Brown, Chairman of the Joint Chiefs of Staff. I also reported on the meeting that we had in Managua, where I felt things went very badly for the United States.

I also made a point, out of talking to the other responsible officials, in both State and Defense.

In light of the indictment in Miami last month, of five persons closely connected with the Panamanian Intelligence, the people

who were indicted for illegally smuggling arms from the United States to the Sandinistas via Air Panama, I found that General Torrijos lived up to his promises. At that time, I never doubted that he would. Moreover, we have other disturbing reports that tend to indicate this thrust of what he is doing.

My decision to testify against the Panama Canal treaties before the Senate Armed Services Committee was, in part, influenced by my experience both in Managua and Panama. It was quite clear that General Torrijos was expanding his horizons to include support for revolution in Central America, and I believed then, and I believe today, that he is under the influence of Communist/Marxists within Panama and Cuba, and particularly Colonel, or I believe it is General Noriega.

General Torrijos expressed to me great admiration for Fidel Castro at this meeting. The whole tone of the meeting was one, as far as I could determine, and I had not detected this degree earlier, that Omar Torrijos was moving very quickly to the left as he expressed, that he was getting out in front of the movement to lead it. I believe the unseemly haste of the group of people advising President Carter at that time to consummate these treaties was just one more piece in a plan which has been devised to polarize this hemisphere into left and right, and I think that from a strategic standpoint, that is a tragedy for this country.

We divided up all of Latin America into good guys and bad guys. They are being designated as "human righteous." This is all being done by a very small group in the White House and State. The fact that these "Good guys," the guys with the white hats, are supplying arms, which you see here, they are supplying the training, money, support, a lot of this is coming out of the U.S. taxpayers' pockets, perhaps indirectly, to murder and maim' as General Noriega did in Nicaragua, without discrimination. As far as I am concerned, that makes a mockery out of the President's human rights policy.

In summary, I would like to make the following points to this committee. One, the United States has a vital critical national security interest in the Caribe basin. It is a strategic area. If you want to call the Persian/Arabian Gulf the faucet of the oil, the nozzle for the United States, it is located up in the Caribe basin. We have not built a refinery in 7 years in this country, and most—not most, but a lot of our refining is done in that basin.

I think also the fact that the Mexican oil reserves are limiting at this time makes this area a strategic objective as far as the Soviets are concerned. I do not think the United States can afford to watch this area be stabilized by Fidel Castro, by Gen. Omar Torrijos, or the Soviets or anyone.

We have a vital interest in this area and it is about time we realized it. I think Gen. Omar Torrijos is actively aiding and abetting Leftist subversion in the area. It is apparent to me that he has nothing but scorn and contempt for this country, and our apparent weakness, the fact that he would stir this one up at this time to set a critical juncture in the whole Panama Canal negotiations and the implications of these treaties is another indicator of this attitude.

I think that the present administration policies are counterproductive and, indeed, are supporting instability and confusion in not only the Caribe Basin, but also in the entire continent.

I think the Panama Canal treaties should not be implemented under the present circumstances. Rather, we should be examining other options to bring balance and moderation back into the Panama Canal problem.

The simple fact of this matter is that this country negotiated in haste, with complete disregard for the strategic realities, and these realities are now being used to blackmail the U.S. Congress into paying money which will support subversion in this hemisphere. It is quite apparent to me that the entire world is watching this comic opera performance as General Torrijos exploits this situation. They are very interested to see what will be the reaction of the United States.

Mr. Chairman, that completes my statement. I am now prepared to answer any questions that you may have.

Mr. HUBBARD. Thank you very much, Gen. Gordon Sumner, for your testimony.

General, you were Chairman of the Inter-American Defense Board during the period 1975 to 1978, according to your testimony. Would you please outline for the subcommittee just what the Inter-American Defense Board does?

General SUMNER. Certainly. It is the Inter-American Defense Board, the IADB, was created, it is the organ of the Rio treaty and its mission is to plan and recommend those measures they deem necessary for the defense of this hemisphere. The Board sits over Casa del Sogada on 16th Street. They are in constant attendance over there. They are senior military representatives from the countries. They have actually no juridical connection with the OAS. They are part and separate.

The only real connection we have with the OAS is the funding. They do fund the Board for us. This Board, sitting constantly, is a funnel of information coming in from this hemisphere concerning the various threats. The threats obviously, since 1962, has been the efforts of the Soviets and their Cuban surrogates to raise hell in this hemisphere and destabilize the entire area. They are doing it very successfully.

Mr. HUBBARD. General Sumner, who are the members of this Inter-American Defense Board and where do they come from?

General SUMNER. The members are the 19 countries that are signatories of the treaty. Incidentally, Costa Rica is a member but, inasmuch as they claim not to have standing military forces, they do not have a delegation sitting with the Inter-American Defense Board.

As the Chairman, however, I did make the trip to Costa Rica to talk to the Minister of Defense, Minister Cartenier, and we discussed this particular problem. This was, I believe, in 1976. Because the Leftist terrorist efforts in Central America did not happen yesterday, they have been going on for years, and they have just not been reported and they have not been recognized particularly by the U.S. Government.

Mr. HUBBARD. General Sumner, in your statement you refer to a 2-hour conversation with Gen. Omar Torrijos in November 1977.

General SUMNER. Yes.

Mr. HUBBARD. Where did that conversation take place?

General SUMNER. It took place in his home in Panama City. He has a small residence there in his private office.

Mr. HUBBARD. Did you state that General Torrijos at that time made candid admission against his own interests when he told you of—I will quote you—"his intention to support rebellion and insurrection in his neighbor republics"?

General SUMNER. That is correct. I went over the allegations by President Somoza and the information, the Inter-American Defense Board had on this, and he made no attempt to deny it at all. He said, yes, that is what we are doing. We have our own plans, we have our own ideas. We have our own path and we are going to pursue this.

Mr. HUBBARD. It was in November of 1977 that General Torrijos indicated to you "his intention to support rebellion and insurrection in his neighbor republics"?

General SUMNER. That is correct.

Mr. HUBBARD. Do you have any idea what prompted him to say that to you?

General SUMNER. I think it was part of the conversation. We were talking about the security of the hemisphere, which is something I normally did when I met—I tried to meet with each of the Chiefs of State and brief them on what the Board was doing, what our concerns were. And he said, oh, I know very well about your concerns, and he knew very well about the resolution concerning the Cuban involvement in the terrorist activities in the hemisphere. So it was the logical buildup on that particular part of the conversation.

Mr. HUBBARD. I believe you stated that General Torrijos also addressed with you the issue of support for the Sandinistas?

General SUMNER. Yes, sir, he did. He said they were his good friends. They were a bunch of good old boys and we should not be concerned about them. We, the Board. You see, when I talked to Gen. Omar Torrijos, I am talking to him as the Chairman of the Inter-American Defense Board, not as an American lieutenant general, although I am sure he has difficulty in separating the two, the two roles, the two positions.

Mr. HUBBARD. When was it that General Torrijos expressed the view of support for the Sandinistas?

General SUMNER. When was it? This is at this meeting.

Mr. HUBBARD. The same November 1977?

General SUMNER. Yes, at the same meeting.

Mr. HUBBARD. You refer in your statement to a memorandum which you forwarded to the late Gen. George Brown, Chairman of the Joint Chiefs of Staff, discussing the points you have outlined before the subcommittee.

Can you provide a copy of that memorandum for our record?

General SUMNER. No, I do not have a copy of this memorandum, but I am sure a copy of the memorandum could be acquired.

Mr. HUBBARD. Would you please make an effort to obtain that copy?

General SUMNER. I may have provided a copy of that. I testified before the Inter-American Affairs Committee, subcommittee of the

House. I might have given a copy of that at that time. It may be here in the bowels of the Congress.

Mr. HUBBARD. Chief counsel, Larry O'Brien, advises that we can obtain that.

General SUMNER. Yes, I am sure you can. I believe it was classified at the time. Confidential probably.

[The material was not received at time of printing.]

Mr. HUBBARD. Did you receive a response to this memorandum?

General SUMNER. No, I did not. Matter of fact, I made it a policy, as the Chairman, and I was really not officially under General Brown, as a matter of courtesy I thought it incumbent to keep General Brown informed of things that were going on over at the Inter-American Defense Board. I sent him many memoranda and, to my memory, I do not believe I ever had a reply from any of them. Usually, we discussed them personally after I had submitted the memorandum to him.

Mr. HUBBARD. You indicate in your remarks that the report of a Cuban aircraft landing in Panama with combat ready troops strikes you as highly credible. Am I quoting you correctly?

General SUMNER. Yes. I am not in the system now and I do not have access to the classified reporting that the gentlemen sitting behind me do have access to.

But it appears to me it would be a logical thing, it is probably a credible report, it probably happened.

Mr. HUBBARD. You further indicate that at some point you decided to testify against the Panama Canal treaties before the Senate Armed Services Committee.

When did you make that decision to testify against the treaties?

General SUMNER. I would say that decision was probably made late November of 1977.

Mr. HUBBARD. Did you testify?

General SUMNER. Yes, I did testify against the treaties. Senator Stennis was after me to testify earlier, and I was able to put him off because I knew it was going to be a very difficult testimony.

However, I felt particularly this is one of the things that brought me to the decision point that I did not feel that I could, in good conscience, testify in favor of the treaties. And Senator Stennis was absolutely adamant that I testify.

Mr. HUBBARD. What was the reaction within the administration when you made that decision to testify?

General SUMNER. I became a real leper. Matter of fact, somebody, as I understand, called the building to find out who I worked for, and everybody denied me, at which time I said I hear the cock crow twice. I suddenly was found without too many friends at the high level.

I will say this about the late Gen. George Brown, he was always supportive of me. He listened to me and was interested in the strategic affairs of the United States in Latin America. And when I could not get a hearing somewhere else, he listened. He also realized that we did not have very much expertise in this area, which is part of the problem.

Mr. HUBBARD. General, were you or are you aware of any intelligence information, past or present, which would suggest that Omar

Torrijos has acted knowingly or otherwise as an agent for any Communist government anywhere in the world?

General SUMNER. I have no personal knowledge, hard intelligence to make the point that you are making there.

My best appreciation would be that, yes, he has. But I have nothing, I have nothing concrete that I could offer to this committee, particularly as a retired officer, to confirm that particular point.

Mr. HUBBARD. Would you repeat what you said quoting Omar Torrijos regarding his ties to, or respect for Fidel Castro?

General SUMNER. Yes. He made quite a point to me, which was rather surprising, as the Chairman of the Inter-American Defense Board, defending Fidel Castro and expressing his admiration for Fidel Castro and what he was doing. This is made by Gen. Omar Torrijos in full knowledge that my position and the position of the Inter-American Defense Board, as expressed in writing, was totally opposed to what he was saying. And I pointed that out to him and incidentally, we came up to the end of that conversation on one point that I remember, he said I think the truth is somewhere between red and black, which was a very interesting observation.

Mr. HUBBARD. What do you mean by interesting?

General SUMNER. Well, red being to the left and black being to the right. The truth being somewhere in between, talking about the political developments in the Caribe Basin. I found Gen. Omar Torrijos that day to be sober. He just put a group of Senators on an airplane. He was rational. He had a clear head and it was, I thought, a very useful conversation in light of what happened. It was extremely useful.

Mr. HUBBARD. Thank you, General Sumner.

Mr. Bauman?

Mr. BAUMAN. General, I want to thank you for your statement today.

Yesterday we heard a great deal of testimony about the activities in which certain people are alleged to have been engaged, trying to get weapons from Miami through Air Panama to Panama through a corporation alleged to be controlled by the majority interests of one of the G-2 interests that you mentioned, Colonel Noriega. Some of these weapons have been identified as originating in the United States.

Is this kind of activity consistent with the general knowledge you acquired during your term of office? It is certainly consistent with what you described today, but does this form only a small part of a larger pattern, in your view?

General SUMNER. I think it is just part of a larger pattern. I think we are looking at the tip of an iceberg, really. You know, you have only scratched it.

We really do not have a great deal of intelligence effort devoted to Latin America. As a matter of fact, we were talking about a handful of people. We really have a very difficult time knowing what is going on down there. The government on the grounds have the best information, really, but we do not listen to it. We say that is all tainted information. All of these governments have produced, and they are available over at the Inter-American Defense Board, extensive papers on documentation of the leftist terrorists, Commu-

nist efforts in almost every country. Venezuela itself has a large insurgency going on. When I say large, they have a lot of troops committed out there and it is a real problem out there for them in the eastern part of the country. There is no one that I know of that is immune from this type of activity.

Mr. BAUMAN. Let me ask you this question. I have been—I have attended three classified briefings in the last 2 years, all I found to be quite extensive and informative.

Would you not say that our Intelligence sources in Panama, since we have the military present, are better equipped to give this information?

General SUMNER. Yes. I think where we have U. S. troops stationed and where we have a strategic problem, of course General McAuliffe is sitting right here, he can confirm this. We do have assets and resources committed there to know what is going on. But I would say in the rest of the hemisphere, it is terribly thin, paper thin, and when you get outside of the confines of Panama, we just do not have much, and our Intelligence Agency, particularly the Central Intelligence Agency, as we all know in this room, has been eroded. And Latin America has not been an important area for us. And if you are allocating resources, you are not going to put the resources into Latin America.

Now, things are changing and probably people are scrambling around right now trying to redirect effort into this area. At least I would hope they are.

Mr. BAUMAN. General, you say that you forwarded this memorandum reproducing a conversation of 2 hours with General Torrijos to General Brown.

In your experience, would you say that a memorandum of this nature, which quite obviously is rather impressive in its content, would, in the course of events, have been forwarded to people like the Secretary of State, White House officials and so on, in view of the negotiations that were then going on?

General SUMNER. I know that some of my memos were, but I am not sure what happened to this particular memorandum. It was, as I say, it was combined with the reporting on the conference of the American Armies in Managua, so there was quite a bit of content in it, and it covered more than just my conversations with Gen. Omar Torrijos. And I frankly do not remember what they did with the memorandum. But I know I did talk personally with General Brown on this particular subject.

Mr. BAUMAN. Were there any efforts made by the State Department officials or the negotiators of the treaties to, at any time, meet with you or your staff and discuss the intelligence matters and defense matters in relation to the treaty provision?

General SUMNER. We did have some conversations. I talked to Ambassador Linowitz. I talked to Ambassador Bunker. I talked to Secretary Toddman, General Dalhbin, and I had a number of conversations. General McAuliffe and I were in contact with each other. Matter of fact, the morning after my conversation with General Torrijos, we had either breakfast or lunch together, and I briefed General McAuliffe on the results of this conversation. The problem was I think that people did not really believe anything was going to happen.

Mr. BAUMAN. Do you mean including the treaty?

General SUMNER. No, not as far as concerning the treaty. The treaty was pretty much in the forefront of everybody's thinking, but as far as Central America, it was not really going to come all apart and unglued, and there was not going to be this—the massive activity that we see here now.

Mr. BAUMAN. In your conversations with the negotiators, Linowitz, Bunker and so on, did you convey the substance of what you told us here this morning to them?

General SUMNER. Not in the detail that I have done here.

Mr. BAUMAN. In a general sort of way?

General SUMNER. I am sorry?

Mr. BAUMAN. Were they informed that General Torrijos personally told you that he had a plan to assist, at least in the case of Nicaragua and other countries, subversion of existing government?

General SUMNER. I do not remember making a particular point out of that with Ambassador Bunker and Ambassador Linowitz. At that time I did talk to them about other options bringing the other Latin American countries into a treaty negotiation where this canal would be a canal of the Americans. We had conversation about that. I guess I assumed that Ambassador Bunker and Ambassador Linowitz and, indeed, the entire Carter administration, was informed about this man they were negotiating with, Gen. Omar Torrijos.

Now, it is sort of a situation where you are dealing with a very senior official who should have been briefed on all of this on what was happening.

Mr. BAUMAN. I do not want to prolong this, but let me ask you one last question.

We heard allegations that the current President of Panama is in fact a man of his own right, elected by the Assembly, unanimously, without opposition. But do you have any question in your mind that the Washington Post, and a few others who have written about this, are correct when they say that General Torrijos still runs Panama?

General SUMNER. There is no question in my mind that the power—and he still has the machismo, he is the chief down there, and I think the only other power that gets anywhere close to the power that he wields, is the power of Colonel General Noriega. I think they are the two that are very strong, represent strong leadership there.

Mr. BAUMAN. Did you resign voluntarily, or were you forced to?

General SUMNER. No, when I saw that I was going to be forced to testify, and I saw what my position would be, I decided to retire early, to avoid the situation that my good friend Jack Singlaub got into. I did not want to be Singlaub, and I did not, you know, I talked to almost all of the heads of State in my 3 years as the Chairman of the Inter-American Defense Board.

My attempts to see Mr. Carter were all rebuffed. He was not interested in talking to me, or even a courtesy call, and I could sense, matter of fact, I was called over to the White House by Mr. Robert Pastore, and he demanded to know of me why they should not disestablish the Inter-American Defense Board. This was about a week after they took office.

The handwriting was very clearly on the wall. This group was out to do away with the Inter-American Defense Board, and we were going to have new policies for this hemisphere, and I decided I did not want to be any part of that, have the responsibility for it, and, of course, it all came to a very sharp focus over the Panama Canal treaties.

Mr. BAUMAN. Are you telling us that you made attempts to reach President Carter with the information that you have given the committee today?

General SUMNER. No, I made attempts—this is before I had this type of conversation. I attempted to meet with the President, and incidentally, we had met with the previous President, Mr. Ford. I wanted him to meet with the entire Inter-American Defense Board. These are senior military people, who go back to their countries and take positions within the government.

The Inter-American Defense Board has produced 16 Presidents, some of whom are serving, like General Fidel. Secretary Orfellai used to tell me, General, you get them going up, and I get them coming down, after they have been President. The Inter-American Defense Board represented an asset in this hemisphere, and I told Mr. Pastore, I said the Soviets would love to have something like the Inter-American Defense Board. We do not have operational control over the Board, we have no assets. The Board does not run its own intelligence operation, but it is a very important link in the security system of this entire Hemisphere, and I could not get anywhere with the current administration on it.

Mr. BAUMAN. Thank you, Mr. Chairman.

Mr. HUBBARD. Thank you, Congressman Bauman, for your questions.

At this point I would remind the members of the 5 minute rule. Congressman Bowen of Mississippi.

Mr. BOWEN. Thank you, Mr. Chairman.

General Sumner, to what extent do you believe that Costa Rica, Venezuela, and possibly others are involved in the sort of activities that you have been describing?

General SUMNER. Well, of course, as I have said, I do not have hard information. I have to take really what I am reading in the newspapers, but it is quite apparent to me that this polarization of the Hemisphere that I have talked about, has taken the governments that are more to the left, and brought them together, and when you see the—I believe Venezuelan aircraft, Commander Sarro out of Managua, after the killings there, and I think it is quite credible that they are working together.

I think for Costa Rica it is a real tragedy how they got involved in this, it is a real tragedy for that whole country.

Mr. BOWEN. As I pointed out last year on the House floor, Comandante Zero had been in Caracas for consultation. I am very much concerned about the whole issue you brought up, and in a general way do share your point of view.

There is one observation you make which I find a little bit peculiar, and that is on page 5, paragraph 4, the statement that, "the Panama Canal treaties should not be implemented under the present circumstances. Rather we should be examining other op-

tions to bring balance and moderation back into the Panama Canal problem."

If I thought there were some option open for us for keeping the Panama Canal in perpetuity, I would be supporting it. I have failed to locate one, after a fairly extensive search. It has been my point of view that we might exercise more influence on the course of events in Central America, and help to combat the direction of things that you point out to us, if we kept our 10,000 troops in Panama, and we kept our 4,000 civilian employees, and we continued to administer the Panama Canal for the rest of the century, rather than turning it over to Panama this year.

Could you give us an option on this?

General SUMNER. Yes, I do have a very definite option in mind, and I so testified before the Senate. I feel strongly that this canal is important for all of the Americas. It is absolutely vital to some of these countries, and rather than having it under the control of one country, which can go left or right, up or down, or around and around, whatever we have here, it should, because of its importance to the hemisphere, be placed under an international body which is neutral, and administered by this body, to insure that there is fairness and equity, in other words, making it the canal of the Americas.

I offered that option at that time, when an international body could have been organized to do this, an organized international body could be organized now to do this. If we get on the stick, and the House does fail to implement the treaties, they say they do not want the treaties under those circumstances, I think rather than throwing up our hands and doing the Chicken Little bit—the sky is going to fall in—we should go back and get all of the member nations of this hemisphere together, and come up with a solution that puts both the responsibility and the authority in neutral hands. So that the canal is kept open, it is flowing, as the rates are set, and at an equitable level, and we get this problem off our backs.

Mr. BOWEN. I think that sounds like a good suggestion, and it would have been appropriate to present to the administration and the Senate at the time the treaties were being negotiated and ratified.

General SUMNER. I tried.

Mr. BOWEN. Unfortunately, at this time, I do not think there is very much we can do to establish that approach to managing the Panama Canal. The treaties have been, as you well know, ratified, the instruments of ratification exchanged, and on October 1 the old treaties will be terminated. I doubt very seriously if Panama would be particularly interested in accepting that proposal, and under international law they would, I feel, be authorized to terminate any involvement in the new treaty.

If you could get all of the American nations to participate, that is another matter. I do not think we would find that sort of sentiment, but I am just wondering, if we cannot, whether you are recommending that under those circumstances we resort to force to stay in Panama. Because I think that is the only option left to us, to go to war with Panama. If we have no right to remain there in

international law, and we insist on staying there, in any event, then that would be the outcome.

Do you recommend that course of action?

General SUMNER. I think you are talking about an entirely new scenario, and I think at this point there is—if the situation develops as you see it, I think it is up to the administration to sit down and look at the options here, and I think our strategic interest has to be protected, and I would hope that if we get to that point, that there are forces of moderation and balance at work in this entire system that will prevent our having a confrontation over this particular problem.

But if it comes to a confrontation, I think the United States cannot, should not be blackmailed on this particular subject.

Mr. BOWEN. We have signed a treaty, and ratified it. I do not know whether that is blackmail or not, but we have voluntarily pledged this Nation to uphold a treaty, and I do not think the administration nor the Congress can simply decide on the basis of your testimony, or any other conviction, that somehow we can go back to the drawing board, and discard that treaty. We have spent 14 years negotiating it, and the Panamanians would like to rewrite it according to their desires. We would like to rewrite it. I would certainly like to.

I am not happy with it, and I know you are not. I have not yet found a way that we can accomplish the end that you have in mind. At this point in history, I see it as a very rigid situation. I think the Congress of the United States, the House of Representatives, has its responsibility, and it is too bad a consensus was not developed on this before we negotiated this treaty in haste.

General SUMNER. I would take exception that we spent 14 years negotiating this treaty. I believe this treaty was negotiated in 6 months. I was involved, as a brigadier general, with these negotiations, and believe you and me, this thing started from a dead stop, and Deputy Secretary Vince Clemments at that time, so testified here, matter of fact, he testified the same day I did, I do not think—you know, we have not—sure, we have been negotiating for 14 years, but that treaty has not been negotiated for 14 years.

Mr. BOWEN. That may be true, but it has been signed, and actually ratified by both nations, and unless you can get both parties to agree to go back and start over again, I do not think one party unilaterally can mandate it.

General SUMNER. No, I think it would take two to tango here. We would have to get, you know, the Panamanians are realistic in many ways, they see what has happened here, and as I stated in my testimony, it is really incredible that General Omar Torrijos would stir this up at this time. They were about to get everything in their wildest dreams. The Panama Canal, and all this money, and all for free, and all paid for. It is incredible.

Mr. BOWEN. Well, I just feel that your proposal, although I find it attractive, is in the realm of wishful thinking, and I see no indication that Panama would like to go back and accomplish what you want. I think Panama would like to run it this year. I think the United States should run it for at least the next 20 years, and hopefully at that point we might be able to transfer the canal to a Panama which would run it in a responsible manner, and which

hopefully might have responsible attitudes towards our neighbors of Central America.

Mr. HUBBARD. Congressman Bonior.

Mr. BONIOR. General, in your statement you seem to imply that Panama's sympathy demonstrates that the leadership in Panama is under some influence, some Cuban influence. I think you know, and I would note again here, that the Governments of Costa Rica and Venezuela have also expressed similar views.

In fact, not only have they, but Mexico and Venezuela and Colombia and Ecuador and Bolivia and Peru have expressed views, and recently Costa Rica, and now Mexico have broken off relations with the Somozan government.

Since you have this feeling, or at least imply the feeling that the Panamanians are sort of in the league with the Cubans, that are influenced with them, would you consider these other countries to have the same vague views in league with the Cubans?

General SUMNER. I think we are looking at a whole spectrum of policies and views in these various governments. Within each of these governments are elements that are more liberal, elements that are more conservative. It is all part of this process I described in my testimony, of polarization.

We have gotten into—and we, the United States, have gotten into the business of polarizing this hemisphere, rather than trying to act with our good offices, act from a position of power, to dampen these problems, we are in there exacerbating them, and the governments in the area are more or less being forced to take sides, and they also look at us for a certain amount of leadership, and the message of the Carter administration is go left.

Mr. BONIOR. Well, do you think—let me pursue it.

Do you think that the Nicaraguan situation is basically an external one? Do you have any feeling at all that the people themselves are opposed to the Somozan government?

General SUMNER. I think there is no doubt, just in every government down there, there is opposition to the establishment just as there is in this country. You find what is going on here is that the Somozan government is being subverted from within and attacked from without. It is the same pattern that we had in Iran. You get—you have this going on—a lot of it wrapped around the rhetoric of human rights. You are able to attract a broad spectrum of people to come in and say this government is violating human rights, and everyone should flock to the covers, pick up your pistol, come down and draw an M1, and let us go after these people.

Mr. BONIOR. I am somewhat disturbed by the fact that witnesses have alluded to the fact that because certain leaders meet with other leaders, people like Fidel Castro, that there is indeed a conspiracy. That bothers me.

Do you think, for instance, that U.S. Congressmen who met with Fidel Castro, distinguished Members of the House and Senate, have Communist leanings?

General SUMNER. No. And I would welcome the opportunity to talk with Fidel Castro myself. That is not the point. The point is that there is going on within this hemisphere and has been going on for many years, an effort by the Soviets, using the Cubans as their surrogates and, of course, the Cubans tried it in Venezuela,

they tried it in Colombia, the tragedy of Chile is right there in front of us. The Tupamaros, the Montoneros, going on today in Argentina.

The American people do not get exposed to all this. It is even going on in Mexico. You have got this going on, the leftist terrorist organizations around the world, and you find the Montoneros in Argentina, their headquarters is in Rome, and these leftist terrorist organizations are all linked together, they are all being supplied, funded, and you know that is nothing there, with what is really out there, a wave of propaganda material.

Mr. BONIOR. I think it is also fair to say that it is not only leftist situation which is causing problems in Nicaragua, the central government of the people, the middle class is not terribly pleased, if I can use those soft words, with the Somoza government. I think you hit it on the head when you said that Torrijos talked to you and said the solution is somewhere between black and white.

General SUMNER. Black and red.

Mr. BONIOR. Black and red.

I think that depicts the situation that he is in, and a lot of our Latin neighbors are in. There is a feeling that they do not want to be under the influence of the Soviets and Cubans, but there is also a feeling that they have been betrayed somehow by the West, and they want their own course, and they feel that it is their destiny to charter their own course without influence from big brother, whether it be in the East or the West. I think if you look at the makeup of the Panamanian Government, you have as many people labeled conservatives as you have leftists or moderates, and this subcommittee was given a briefing and told that by the people of our Government when we were in Panama for our task force.

So you know I am somewhat skeptical in terms of this kind of conspiracy, this leftist conspiracy that I keep hearing.

One other question while I have a few questions remaining, Mr. Chairman.

I am intrigued by your option of international control over the canal as opposed to the implementation of the treaty. If not doing that, why not do that elsewhere in international waters? Why not do that in the Suez or our own districts, international waterways between Canada and the United States? Why should we do it in Panama? Why should we impose that type of situation on the Panamanians and not do it in the rest of the world?

General SUMNER. We would not be imposing anything on anybody. We would be getting together.

Mr. BONIOR. We would not be imposing an international forum to operate the canal, would that not be an imposition on the Panamanians?

General SUMNER. No; you are not going to have an international group. If they do not want to do it, it would not happen. When you get into these impractical situations politically, and I think the analysis between the Suez Canal or the St. Lawrence Seaway, whatever, are not pertinent. They are not relevant, because here we have something that we have every possibility of real warfare or this thing.

Mr. BONIOR. Well, the Suez have real possibilities of war, too, and they have for quite awhile.

General SUMNER. As I say, I think there are options if we get to that point, that can be exercised.

Mr. BONIOR. Thank you.

Mr. HUBBARD. Congressman Dornan.

Mr. DORNAN. General, the Soviets, during the SALT talks, have told us quite arrogantly not to include linkage, and I cannot get away from the word "linkage" on every level of the issues that we are discussing in the Congress today. We have long gas lines out in California. I am now trying to inform myself on an issue that requires a professionalism all its own, the operation of the El Segundra refinery, the Arco refinery. I have tried to determine how much and where Alaskan crude and their sour crude goes, if it goes to the Caribbean areas, and lo and behold we are talking about the Panama Canal and security issues.

I listened to the distinguished gentleman from Mississippi and the distinguished gentleman next to him, and suddenly I hear Castro's name over and over again as if he is a viable option of counsel in this area. And he was identified to me by the late Ambassador Sprugale 1 year ago as a first-degree murderer in college. He executed his opponents in college. It sounded so bizarre to me that I went to the State department and asked for confirmation from their old hands, and they agreed that it was true and common knowledge. So I do not think the Castro option is an option to more honorable men in this world.

Now, we look at the situation in Africa with Cuban boys executing black boys in 6 countries, and 19 countries in another sense. And I just came from a narcotics meeting where the administration suggested that we deemphasize Panamanian involvement in drugs so as not to influence the treaty, and now we find out from the same branch, Alcohol, Tobacco and Firearms, that they are picking up this kind of ugly, bloody gunrunning in our hemisphere. I look at the heads of a country that may have 100 million people, the great nation of Mexico, at the turn of the century, and here is their president who is described to us as someone far more stable than the preceding man whose dream was to take over the U.N. and who is now being described as bereft of his senses and the great stable Lopez-Portillo is embracing Castro. It gives a message to all of the humble people south of the Rio Grande. What I am finding now is that linkage is an important thing, from the SALT talks to the Panama Canal Treaty, to strategic importance of transporting oil.

I am going to have to meet with you alone and not under a 5-minute rule to find out where we go because I do not accept that this is the law of the land. There are constitutional lawyers all over this country, and this city, that say this treaty has already been violated. And I think the most forceful point you make this morning, sir, is that in this delicate period of implementation, in our House of Commons, the House of Representatives, this arrogance would issue from this dictator. He flaunts his arrogance in our face; and then I am told that we did something wrong, and someone has alluded here that we did not educate the House properly.

Mr. Hansen is not on the committee and he tried hard last year, and I tried hard as a new member of this committee, and so did the

chairman and Mr. Bauman and men on both sides of the aisle, to warn the President about the constitutional crisis that was developing by ignoring article IV, section 3 of our U.S. Constitution, concerning the role the House would play in the implementation process; and I want to resist using the word lying. But the \$350 million of what we discussed, General McAuliffe, down there when I met you, sir, in February, 2 years ago, February of 1977, has exploded to something over \$4 billion. And it is going to get worse. And the anger of the American people, without this properly being discussed on the great networks, in Newsweek, in Time, or the Post or the Star, is going to explode. It will come back to haunt Mr. Studds in Massachusetts, and it will haunt you in your State, or anybody, because this is not going to turn not only into \$4 billion mistake, but into a war with those guns killing young people in the name of the red, not the black military dictatorships that we see down there. I do not know of a single person that wants to defend them or administer their system of government.

I do not know what questions to ask you because I think we could sit here for a week. I think the greatest thing I am learning in the Congress of the United States, in my 2½ years, is that most of the military people in the Pentagon are politicized. They have to be politicized. They have to take a choice on political issues or shut up and issue a white paper. I will repeat something that I heard in this room 2 years ago. A very high ranking admiral over in the Pentagon, who has the highest medals in this Nation, said to me that every time he submitted a paper on the Panama Canal, it was his best judgment and his very best analysis. But it would be bounced back to his office and he was ordered to rewrite it because it was not the political policy of the new administration.

So I think that if you analyze the Navy treaties in the twenties or the thirties, you find out that the people who negotiate a treaty have a terrible vested interest in, one, trusting the people with whom they negotiated, and, two, making a case, even when evidence comes up such as the evidence we see here in this room that proves that the Panamanians are prepared to violate the treaty and throw it in our face. That is Torrijos did by bringing a Russian delegation into the Panama Canal Zone during the treaty——

Mr. BOWEN. Would the gentleman yield?

The committee has been very good about not interrupting other members but the gentleman did make a reference to me, and I just want to set the record straight.

The gentleman from Mississippi has never had anything complimentary to say about Castro in his life. I am sure your remark was inadvertent.

Mr. DORNAN. If the inference was there, I know it is not clear. You said it was the fate of the land; this was a peculiar treaty, unlike breaking off the treaty with Taiwan, because it involves putting up \$4 billion of taxpayers' dollars, and without that implementation, there is no treaty the way the treaty was negotiated. So I am sorry, General, my questions to you will be in private, and I will publish them in the record and we will have a good 4- or 5-hour session because you cannot get anything done with 5-minute sessions with regard to SALT, to Africa, or to the oil lines in my district.

Mr. HUBBARD. Let me make the comment that I have tried to be lenient with each of the members of the subcommittee and have not called their hand as we have not been limited, really, by the 5-minute rule, in certain cases, on both sides of the aisle.

Congressman Dornan, thank you for your comments.

Congressman Hughes of New Jersey.

Mr. HUGHES. I would defer to other members at this time.

Mr. HUBBARD. Congressman Wyatt.

Mr. WYATT. No questions.

Mr. HUBBARD. Congressman Carney of New York.

Mr. CARNEY. Thank you, Mr. Chairman.

I believe that Lieutenant General Sumner would like to make a statement.

General SUMNER. I would like to comment on one statement by Congressman Dornan.

At the meeting in Managua, just prior to my meeting with General Torrijos, I had prepared a one-page statement. I was there as an observer. The Conference of the American Armies is a very powerful political forum in Latin America. The armies run Latin America, not the air force or the navy, but the armies. They always invite the chairman to be there.

I prepared a one-page statement which I cleared with the Joint Chiefs of Staff. The night before the meeting was to convene, I gave the senior American delegate, General Kerwin, the Vice Chief of Staff of the U.S. Army, my statement. He told me that I could not use the statement and the statement was a very simple explanation of what the Cubans were doing in Africa and the implications of their action in Africa for this hemisphere, and I was, in effect, not in effect—I was flat muzzled. I was told you cannot use that statement.

I told General Kerwin that I did not want to get into a confrontation with him. As it turned out, one of the other chief of delegations, chiefs of the army, I believe it was the Brazilian, asked me a question which allowed me then to give the statement, but I could not go in and give that statement. It was the policy of the Government at that time, the U.S. Government, not to mention Cuban intervention in Africa. Do not, for God's sake, mention anything about Fidel Castro, and this to me was just unacceptable and it was that particular incident, along with a string of other things that have happened, that made me decide I could no longer be a part of the administration, and I think when you get to be a lieutenant general, a full general, three- and four-star officers, you have an oath to the Constitution and you have a responsibility to the American taxpayer, and the American taxpayer expects us to give them the straight answers. When that sort of thing started happening, why I got 35 years service, born in New Mexico, I was ready to go home and I went.

Mr. CARNEY. Thank you very much, General.

As you mentioned before, your good colleague, General Singlaub, had the same situation you were faced with.

I would like to bring to the attention of the members of this Committee a recent editorial by Evans and Novak on SALT, to the effect that the Joint Chiefs of Staff are the Charlie McCarthy half of the Edgar Bergen, Charlie McCarthy, team as far as SALT is

concerned. I think that is a disgrace when the military, the people who have the expertise and know the answers, are prevented from speaking out on an issue because it is stamped political. We are not going to go anywhere from this standpoint.

General, do you think that when the Panamanian government takes over the canal that they will use that canal and their new economic influence to bully the rest of Central America, and perhaps countries in South America?

General SUMNER. Yes; I think that is a very likely possibility. And going back to Mr. Bowen's question about they have conservative and moderate and people over to the left. I think the problem is that the guys over to the left have all this and I do not think they are going to last very long. And in Latin America there is an expression I am sure you have all heard, that Panama is not the crossroads of the world, it is the "doublecross" roads of the world.

I have had expressed to me by the single military people in the other Latin America countries the concern that what is going to happen after Omar Torrijos takes this thing over, what about the equity, the fairness, the rights, all this becomes an open question and if, indeed, the Soviets are influencing this, and I think they are, I think they are influencing the entire Caribe Basin, that this is going to be a tragedy not just for the United States but for the whole hemisphere. And we think we have problems now, you know you are betting on a real lousy game, and I do not know how many of you ever gambled in the Panamanian casinos. It is not a good place to gamble, I do not believe, when your security is at stake.

Mr. CARNEY. General, although I was down in Panama, I did not gamble in the Panamanian casinos. But, I would like to ask you another question.

Do you think Nicaraguan ships could go through the Panama Canal if Panama controlled the canal?

General SUMNER. No way. I think Somoza had made it quite clear. He is setting up the situation where he would not be faced with that problem. There will be Nicaraguan ships that are under sort of a—you know, Nicaraguan—

Mr. CARNEY. Did Russian ships go through the Panama Canal during the Korean war and during the Vietnam conflict?

General SUMNER. I am sure they did.

Mr. CARNEY. And you feel that Nicaraguan ships would not have the use of the canal?

General SUMNER. I think it would be a political situation. I think they will use that power.

Mr. CARNEY. May I just ask you one last question.

Do you think the U.S. Americans will lose if our State Department wins on this issue?

General SUMNER. That is a pretty simplistic question and I guess you want a simplistic answer, I guess yes.

Mr. CARNEY. Do you think the United States of America will lose if the State Department wins on this issue?

General SUMNER. Yes; I feel very strongly that our security interest is being put at rest here.

Mr. CARNEY. Thank you very much.

Mr. BONIOR. I would like to make this comment. I would like to note that both Representative Wyatt and myself did very well in

in the casinos. But I think it is important to note that we are on the opposite side of the issue and it represents the position that the Panamanians have taken.

Mr. Bowen [presiding]. The gentleman from New Jersey.

Mr. HUGHES. I thank the chairman.

I just want to say while we are on casinos, representing the Atlantic City area as I do, that, General, the chances there are not any better than they are in Panama.

General SUMNER. Let me put it this way. I would rather take my chances up there.

Mr. HUGHES. Thank you. We will take your money.

I first want to commend the chairman for his very eloquent statement because I think he has said better than I, my own particular position on the issue, I opposed the treaties. I find a lot of things in the treaty much to my dislike. Every time that we sent a message from the House on the treaties I was part of the group that conveyed the opposition to the treaties.

We find ourselves in a much different position today and I am not too sure that we have the option that the gentleman suggests we might have. I am sure the gentleman knows, as well as anybody, that Panama is the last one in this hemisphere that would—is agreeable to having any form of international agency take over the Panama Canal. They are not happy with the canal basically as it is structured in the treaties. So I thank the gentleman for putting into perspective, I think, the position I find myself in.

General, I am concerned about the statement you make on page 3 in particular. You suggest at one point that "In light of the indictment in Miami last month of five persons closely connected with Panamanian intelligence for illegally smuggling arms from the United States," et cetera.

I wonder if you could share with us the basis for your statement that five persons who were arrested and have been indicted by a Federal district court are connected with Panamanian Intelligence.

General SUMNER. Well, I think—I would take the chairman's admonition here that these people are under indictment here and it might not be proper to get into any depth. I know nothing more than what I read in the newspapers and what the conversation that people working in areas have. But, as I understand it, there are these people under indictment and they were working for Air Panama, and the weapons have shown up in Nicaragua. As I see it, it seems very credible that this is all happening, and it is all tied into Gen. Omar Torrijos that he was going to support this thing.

Mr. HUGHES. Well, first, I understand that there is an indictment, so we are concerned about an ongoing trial. Having served for 10 years in law enforcement, I would be concerned about any compromise of that trial. But the only testimony I have heard, and I have listened very carefully, is that there were a couple of forms that were completed, there were arms purchases, one of them mentions a corporation, apparently a shell corporation in Panama by the name of Casa Tesca that reportedly Colonel General Noriega has some interest in. But nobody seems to know what interest he has in that particular shell corporation.

There is no testimony whatsoever that any other intelligence officers are in any way connected with those particular arms transactions.

I am just wondering if, in fact, you have any additional information?

General SUMNER. No, I have no additional information on that, and I am sure there are expert witnesses who are very knowledgeable in the inside details of that whole operation. But, as I point out, it seems to me it is part of the entire pattern, part of an overall effort by Omar Torrijos and Colonel General Noriega, to support the Sandinistas. And I cannot see anything to it.

Mr. HUGHES. I think the General knows very well that people who traffic in arms and other contraband, do so quite often for monetary gain, even officials in government without official sanction. I think it is a long way from suggesting that there is official sanction. I am also concerned about the trafficking of these arms, because I am concerned with what I see to be tremendous gaps in our enforcement program.

But I am going to reserve judgment on that because we do not have all the information, and I hope everybody else reserves judgment before they attach too much significance to the fact that the Panamanian Consul, at one point, participated as appears in the indictment, and also that there is purportedly some connection between one officer of the intelligence service of Panama and a shell corporation. That is far from establishing any official sanction on the part of Panamanian Government. That is the only point I want to make.

General SUMNER. Yes, I think that these hearings are very useful in that record, and they will bring out the connection.

I understand that the Miami Herald reported that Lopez, that was one of the 500 indictments, said he had orders from the Panamanian chief, too. I think Noriega is not just an intelligence officer. He is the head of their intelligence, counterintelligence. He is like rolling the head of the FBI, the CIA, all into one man. He is quite a powerful figure. If they do establish a connection to him, you know, I think it is very damaging, it would be very damaging evidence and we should not prejudice that here. I cannot do it.

Mr. HUGHES. Well, I would just say I would hesitate, while we are talking about linkage, to vote on the implementing legislation on the basis of a report that some intelligence officer has some connection with a shell corporation that may or may not have been the conduit through which weapons ended up in Nicaragua. Even the vice president of the country, who was here yesterday and referred to some significant or substantial interest on the part of this Colonel General of the intelligence corporation, was frank to concede that he did not know what interest the Colonel General really had in this organization, if any.

So I am only suggesting that I am troubled by what I see, and it certainly bears close scrutiny. But I would hesitate to make any judgment at this point on the basis of what we have seen as to what connection it has with the official community of Panama.

I thank the chairman.

Mr. HUBBARD [presiding]. We, of course, will have more witnesses later today.

Next Congressman Wyatt, a member of the full committee.

Mr. WYATT. No questions.

Mr. HUBBARD. Congressman Lowry.

Mr. LOWRY. No questions.

Mr. HUBBARD. Mr. Evans and then Mr. Studds.

Mr. EVANS of the Virgin Islands. I would like to give my time to Mr. Bauman.

Mr. BAUMAN. I thank the gentleman for yielding.

I would like to ask one question, General.

You told us that prior to the time that General Torrijos signed these treaties, and they are known in Panama as the Carter-Torrijos Treaty, that is the way the press styles it, prior to the time he signed these treaties, there was no doubt in your mind, based on a 2-hour conversation, that General Torrijos intended, to assist in the overthrow of the Nicaraguan Government by supporting the Sandinistas in whatever way he might, is that correct?

General SUMNER. That is correct. That is exactly the way I saw it. He was going to not only be working in Nicaragua, but also El Salvador and perhaps other countries. We did not get into the other countries, you know, by name, by detail, but we did Nicaragua and El Salvador.

Mr. BAUMAN. Now, the second of the two treaties before the House for implementation, the neutrality treaty, and I called this yesterday to one of the officials of the State Department, that treaty requires both Panama and the United States to engage in a course of conduct that will preserve the neutrality of the canal and prevent it from becoming involved in armed conflict.

Now, is there any question in your mind that the potential for involving Panama in the canal, in armed conflict, could flow from the attitude expressed to you by General Torrijos?

General SUMNER. Yes, absolutely.

I think they are playing a very dangerous game and I think the domino theory in Central America is a very dangerous situation that no one can predict where this is going to end up. If it is Nicaragua, Guatemala is having its problems, Honduras, El Salvador, Costa Rica, Panama is next, Panama is terribly vulnerable. Panama could become embroiled in this very easily.

Historically, you look at these sort of things, they do get out of hand and look what happens. It happens in Southeast Asia, even after we got out, look what has happened. Look at the fighting and killing that is going on. It is a Pandora's box that you are opening up here.

Mr. BAUMAN. Could one conclude then, from that formation of his views as you have related them to us, that he may not have signed that neutrality treaty in good faith?

General SUMNER. I think that is a logical conclusion to be taken from the facts. I am not sure that he signed any of it in good faith. But I think that that particular portion of it is being thrown in our face.

Mr. HANSEN. Would the gentleman yield?

I would like to say for the benefit of my colleague, Mr. Hughes, that if he would read the Miami Herald newspaper of May 2, 1979, regarding the armed smuggling problem, and the indictments

planned, it will tell about the statement and the affidavits in the Miami Federal court, that clears this up very well.

In fact, the lead statement in the newspaper article says, Panamanian officials directed an airline official and the Panamanian Consul in Miami to smuggle arms to the Sandinista, according to an affidavit filed Tuesday, in Miami court.

It says, down in the article, according to Kimbler, that is the Alcohol, Tobacco and Firearms agent, his affidavit, he interviewed Lopez, and Lopez admitted directing seven arms purchases on intelligence officers in Panama.

I think that ought to be in the record at this time, as to tie that whole thing together.

Mr. HUGHES. Would the gentleman yield to me on that?

Mr. BAUMAN. I would.

Mr. HUGHES. I did not read the Miami newspaper. I did however—I see the affidavit. But the affidavit does not support that conclusion. Of course, we are talking about an indictment. As the gentleman knows, an indictment, in our system of justice, is an accusation. I see nothing that would make the tie-in that has been suggested. That does not mean that I am not concerned, because I am.

Mr. BAUMAN. I read the same affidavit, and I feel it does support that statement. So perhaps we have two different affidavits. Mr. Davis of the Treasury gave us the same affidavit.

Mr. HUBBARD. I am going to have to interrupt, please, at this point, and mention that the time of our dear friend and colleague, Congressman Evans, has expired. You were very long winded, Congressman Evans. Your lengthy statement must come to a halt. Congressman Studds of Massachusetts.

Mr. STUDDS. Thank you, Mr. Chairman. I perhaps will just keep quiet. I appreciate your letting someone from the full committee sit in.

I just want to see what you folks are doing here. I feel the attention, and all kinds of lights and the guns—I am used to coming in here and discussing fish and wildlife, and Coast Guard, and we do not usually get crowds like this, so I thought I would come in and see what you were up to.

Mr. CARNEY. Would the gentleman yield?

Mr. STUDDS. Wait a minute.

You can imagine my surprise to read here language which indicates, frankly, I have not heard in this country since the late forties and fifties, about conspiracies and plans, and small groups, and then to be told by the gentleman from California that I would be haunted in Massachusetts, just when I had such a nice morning, I started out jogging. I did not know that was going to happen.

General, you say, "the unseemly haste of the group of people advising President Carter to consummate these treaties was just one more piece in a plan which has been devised to polarize this hemisphere into left and right."

Can you elaborate on that plan?

General SUMNER. Yes, I certainly can. After the Carter administration took office, there are a number of things happened that is quite obvious to me that we were doing just as I said in here. We were going to divide this hemisphere up into good guys and the bad

guys, and put white hats on the leftist regimes, and put black hats on the conservative right wing governments.

Mr. STUDDS. You said, as I recall, a little while ago, that under the Carter administration the directions were to go left?

General SUMNER. That is the way I feel.

Mr. STUDDS. And that we put white hats on the leftist regime? I assume you mean regimes like Iran and the Philippines, Saudi Arabia?

General SUMNER. No, no. I am talking about this hemisphere, and—

Mr. STUDDS. Who are we sending arms to that you would characterize as leftists? Anywhere in the world?

General SUMNER. Well, Omar Torrijos, for one. How about Dayan?

Mr. STUDDS. I beg your pardon?

General SUMNER. How about Dayan? It is not only arms, it is psychological support. You look at the Caribe Basin, it is an interesting situation. It is being deestablished, and if you look at and see what we have done here—

Mr. STUDDS. I suspect there would be an awful lot of surprised folks in this hemisphere, as I have been, to see that the United States is encouraging leftist regimes in Latin America, or anywhere else. I believe we have a couple of interesting boards up here, but I do not think there is enough wall space in this building to display what the United States has sent around this world. Not one of those countries could be described as leftist. That is hardly how we choose to arm people around the world.

You have confused me, because I am critical of the Carter administration, and I thought you were, too.

General SUMNER. This is one of the things that bothers me. This hemisphere was selected for special attention, and it has gotten a different treatment than the rest of the world. This is what really bothers the Latin American governments.

Mr. STUDDS. What about Latin American people?

General SUMNER. The Latin American people are bothered by it, too. You know what we did to Brazil in this regard? It is typical of this. We alienated Brazil instantly with the actions taken by the Carter administration and their people. And now—

Mr. STUDDS. We alienated the Government of Brazil, did you consult the people?

General SUMNER. You will find that the people rallied behind the Ghazal government when the Brazilian Government was accused of having 300 people incarcerated for political reasons in their presence, and not only did the people rise up, even the very leftist elements in the Brazilian Government, they thought this was an intolerable intervention, and incidentally, that is what they view all this.

Mr. STUDDS. I am sure all those folks in jail in Argentina resent the interest of the United States.

You say the leftist dictators are given white hats by a small group in the White House? Is that headed by Mr. Vance, or Mr. Brezinski?

General SUMNER. Mr. Pat Dorian and the Human Rights Office over there, there is Grady Tyson, Mr. Andrew Young, Ambassa-

dor's Latin Adviser, this is the group that orchestrated this entire thing. I was in a position to see it happen, and I was talking to the people in the State Department about this.

It was an amazing, incredible performance. Very sufficient. Look what we did to Brazil, and like that.

Mr. STUDDS. Do you see any link, in your own mind, between this small group, and the extraordinary influence that they have over this policy, and the worldwide conspiracy to which you refer?

General SUMNER. No, I do not think I could go that far. I think there is a great deal of sympathy here. You know, when you bring up the point about what is going on in the matter of terrorism in Latin America, it is mainly left wing terrorism now.

Mr. STUDDS. Of right wing governments?

General SUMNER. Of right wing terrorism. But principally this is all going to the left, and the left wing terrorists are the ones that are doing most of the killing, and you get back, you always get a reaction here, and I say it is part of the Soviet strategy. Polarize the society that is having problems, social and economic problems.

Mr. STUDDS. Is that the Soviet strategy, or the American strategy?

General SUMNER. That is the Soviet strategy. When you look at the whole organization of the hemisphere, and you see what is going on in these countries, it makes one wonder.

Mr. STUDDS. Whether the Soviet strategy has somehow snuck into the State Department and the White House?

General SUMNER. No, you are saying that. I am not going to put in that position of saying that these people are part of the Soviet conspiracy.

Mr. STUDDS. But you did suggest that it might be a good question to look at the similarities.

General SUMNER. I think it is a good question for the elected representatives of the American people to look at and see what is happening here, because it is, now, strategically we are getting ourselves, and I think we do agree on that, we are getting ourselves in one hell of a position.

Mr. STUDDS. We spent most of the last century doing that.

General SUMNER. That is right.

Mr. HUBBARD. Two more minutes.

Mr. STUDDS. Definitely. I will not take any more of your time. Let me just say that—I do not think I will say anything more.

If we are going to worry constantly about people who run arms to revolutionaries, perhaps we ought to pull the files on Lafayette, and see what we can find.

Thank you, Mr. Chairman.

Mr. HUBBARD. Thank you, Congressman Studds. We are allowing you 2 more minutes, if you wish.

Mr. STUDDS. No, you are very kind.

Mr. HUBBARD. You were unable to be with us yesterday when we had lengthy hearings, and as to the guns displayed on the board, to your right, these guns, as the testimony revealed yesterday, were found in Nicaragua, and were criminally smuggled into that country.

Mr. STUDDS. I have no doubt about that.

Mr. HUBBARD. We were explaining why these guns were on the board, for you and for others who were not able to be with us yesterday.

Thank you again, Congressman Studds, and now, Congressman Hansen, going from one end to the other here.

Mr. HANSEN. Thank you, Mr. Chairman.

I know you are anxious to proceed to the next witness, so I will be very brief.

I would like to say that the reason that these hearings were called, as I understand it, were not because anyone had weapons. It is how the weapons were procured, and what involvement that the United States may have had, and whether it was legal or illegal acts, and how this applies to the Panama Canal treaties, and if those treaties will have any kind of impact if they are implemented, on this kind of behavior continuing.

I think the General made his case very well. I do not know that there is much that can be said to elaborate. I guess I might ask if the General feels that under the circumstances where any neutrality is called for by the neutrality treaty, and retaliation is a human emotion, when one country aggravates another country, is there any possibility that the treaties, or the condition for the treaties have been harmed irreparably by the actions of Panama, so that there could be no real neutrality treaty called for?

General SUMNER. Yes, I think it is a very good point, that this neutrality has been irreparably damaged, and you know it really worries me, that Gen. Omar Torrijos would be, at this critical time, get into this. He stirred up something that impacts upon the treaties, impacts upon the implementation of the treaties, and I think the American people can understand that sort of thing. Yet he apparently has gone ahead.

As I say, he has contempt and scorn for us. He is just going ahead and doing this, no matter what the results are, that is why I state we ought to be looking at some other options here. It is an incredible performance, frankly.

Mr. HANSEN. I would like to have you address yourself to the reverse side of the coin. You mentioned something about the fact that the Congress of the United States may be subjected to blackmail, to support subversion, but the idea that people are saying if the treaties are not implemented, that this does indeed mean that there may be some kind of aggressive activity in Panama that would require troops, or this type of thing.

To turn the coin over, so that we see what the alternative to this blackmail is, is it not possible that once the bumper zone, or the Canal Zone, is erased, with the provisions of the treaties, so that you do not have this defense zone available as the United States has had during this period, that reprisal action could possibly take place within the canal, and jeopardize the canal?

We know that the Suez Canal was closed for years. The Panama Canal is much more complex, because of locks and dams, and other things, which could make it inoperable until the lakes are filled again, or what not. So I guess the point is, are we not in fact with an unstable government, or an aggressive government, inviting retaliation, putting ourselves in a place where the canal is much more vulnerable if we go through with these treaties, where we do

not know what our partner is up to, and do not put them to task of finding out at this time?

General SUMNER. Yes, I think it is exactly right. My military judgment would be that as the treaty is implemented, the canal becomes more and more vulnerable. Because as they move in, it would be easier to take retaliatory action, and I think your point is extremely well taken, and I think the air has to be cleared on these matters before we give up this security area.

Mr. HANSEN. So if both sides of the issue of implementation of the Panama Canal treaties are concerned about keeping the canal open, then both sides have a stake in finding out exactly what is going on, getting the situation righted, before a decision is made, would that be right?

General SUMNER. Yes, I think, Mr. Congressman, that there is responsible elements in Panama that would want to see this done.

Mr. HUBBARD. Two more minutes.

General SUMNER. It is a situation where they, you know, both sides want to see—they really want to see these treaties implemented, and in effect then Panama and the United States should be interested in getting this thing thrashed out, and seeing that we do have the security question put to rest.

Mr. HANSEN. A last question.

Do you feel that you were suppressed at all in your testimony before the U.S. Senate, in telling the full story?

General SUMNER. No, and when I testified before the Senate Armed Services Committee, I think the only restraint on me was my own restraint. As you can imagine, I was in a very embarrassing position. As a lieutenant general on active duty, I had to support the administration's position, but as an individual, I felt I could not. I was on the horns of a very difficult dilemma.

The only restraints were my own self-imposed restraints, and I believe my testimony was restrained in that regard.

Mr. HANSEN. I thank you for your candor and testimony.

Mr. HUBBARD. Now, last, Congressman Lagomarsino of California.

Mr. LAGOMARSINO. General, I want to compliment you on your testimony; I know from past discussion with you, of your deep interest in this entire subject.

Do I take it from your testimony that the Inter-American Defense Board has now been disestablished?

General SUMNER. No, it has not been disestablished. It is alive and active, and I am very pleased that that has not happened.

Yesterday they had a special session, Colonel Ramunda, the head of the Nicaraguan—asked for a special session, and yesterday they had a special session, where the colonel laid out, for all the delegations, Nicaragua's views of what was going on in their country and in the bordering countries.

Mr. LAGOMARSINO. I misunderstood. I thought you said that the administration had announced its intention to disband.

General SUMNER. No, when they first took office, I was asked why they should not disestablish. That was the question, and I think I gave them pretty good reasons for keeping it. It is to a forum where we talk, and there is communication at the senior military level.

Mr. LAGOMARSINO. Did the Board take action yesterday?

General SUMNER. Not that I know of. I have not been briefed on the results of that, and I am not sure that they will brief me on it. It was merely to be an information presentation by the chief of the Nicaraguan delegation to the Board, in full session. The consul of the delegates.

Mr. LAGOMARSINO. You touched on another thing in your testimony that concerns me a great deal is our military training programs. I know that there are a lot of different ways of looking at this, but one of the things that greatly disturbs me about the future, not so much the present, because during the present, we are dealing with people who know what the political facts of life are in the United States, and they understand it. They do not like it, but they understand it.

As a result of our cutting off training aid for countries in South America, particularly, and some in Central America as well, that we are not having the contact with younger military officers that we have had in the past, and, as you have pointed out, whether or not we like it, or even want to recognize it, it is a fact that the military, left and right, and not just right, it is left as well, are in all likelihood the future leaders of this country, as they have been for many, many years.

As I say, we may not like that, but it is a fact, and by cutting off our—that little relationship that we have had with many of them in the past, I think we are in danger of further harming the relationships that otherwise could be very good, very helpful to us in conducting our foreign policy, even such things as human rights.

If you cannot talk to people, you cannot influence them very much.

With regard to the Panama Canal itself, as you might recall, a group of us from the Inter-American Subcommittee, Foreign Affairs, visited a number of countries in South America, at the very time that the Panama Canal Treaties were signed.

As a matter of fact, we were in Colombia the day that the agreement was announced. We talked to the President of every country we visited, with the exception of Brazil, where Presidents do not talk to visiting Congressmen, apparently. We did talk to the Foreign Minister there. We talked, and I would say an average of an hour, with those officials, as well as many others. In only one case did any of those Presidents, or other high officials of government even mention the Panama Canal, which was supposed to be the big, burning issue in all of South and Central America.

The one exception was the Foreign Minister of Ecuador, who, after 3 hours of discussing various problems, made the statement that he wanted to talk about the Panama Canal Treaty, because he was afraid that the tolls were going to go up.

Now, it is true, to set the record straight, that when a member of our delegation, as he invariably did, asked the head of state what they thought about the treaties, they all said oh, yes, we are for that. Privately, several of them came back and said you should not do that, it is not very smart, and we are going to be—we are concerned about the tolls going up.

But it was a very interesting sideline that the very people that we supposedly were doing this for did not seem to be all that

concerned about it, and yet it was on the front page of all the newspapers, and the television, and everything down there.

I know that they are very concerned about the security of the canal, and they are also concerned about the economic effects, especially the countries on the west coast of South America, that depend almost entirely on the canal for exports and imports.

Mr. HUBBARD. Two minutes.

Mr. LAGOMARSINO. I have no further questions.

General SUMNER. I just might make the observation that I think our—first of all, to take the point of military training of the Latin American officers, I think it is shortsighted of this country to not pursue that. We have a very great moderating effect on these officers, and in the case of Brazil, when we alienated the Brazilians, they took all their officers out of this country, and Brazil had taken on the responsibility for editing the Military Review, a professional military journal of the first caliber, and we lost all that, and if we want to lose this influence on these people, and it is another part of this pattern I see developing, that we have got, it is very serious.

On the last point, on the views of the Latin Americans, on the Panama Canal Treaties, it is exactly my experience, in talking with the senior officials, they all expressed concern, incidentally, at the time that most of them are asked to support it, they cannot see the treaty. They—you know, they are in the same position as SALT.

Where is the treaty? Let us read it. Well, they did not have one, and after they saw it, a thromba that it was, they had second thoughts about it. So there is a real problem there.

Mr. HUBBARD. Thank you very much, Lt. Gen. Gordon Sumner, for your helpful testimony, your cooperation, your willingness to try to answer each of the questions posed to you, both friendly and hostile. You have been very helpful to this subcommittee, and indeed, in my opinion, very helpful to your country, by your appearance here today, and your comments.

We thank you.

General SUMNER. Thank you.

Mr. HUBBARD. We will now call on Col. James C. Thomas. We appreciate your being here, and we await your prepared statement, Colonel Thomas.

STATEMENT OF COL. JAMES C. THOMAS, U.S. AIR FORCE (RETIRED)

Colonel THOMAS. Thank you, sir.

Mr. Chairman, I appreciate this opportunity to appear before this committee to express some personal views and concerns regarding the deteriorating situation in Central America. My concerns stem from a firsthand knowledge of this area.

Mr. HUBBARD. Can you move closer to the microphone? You speak from a firsthand knowledge of this area, and members of this subcommittee and visiting members, such as Congressman Bob Lagomarsino of California, who is a member of the Foreign Affairs Subcommittee on Latin America, are anxious to hear your remarks, and I would encourage you to speak up. Repeat the last sentence, if you would.

Colonel THOMAS. Yes, sir, I will.

My concerns stem from a firsthand knowledge of this area.

I have only recently retired from 6 years' duty in the Office of the Secretary of Defense with primary supervision responsibilities for Latin American affairs. My experience with Latin America stems back to the early 1960's and I have had duty in most of those nations, including 3 years as an advisor to the Nicaraguan Air Force.

I care what is happening there, and I believe I understand what is happening.

It is not my purpose to torpedo the implementing legislation on the Panama Canal Treaties. That is a terribly complex issue which, I believe, does not need to be made more difficult. I also believe, however, that the present inquiry relating to Panamanian support for terrorists in Nicaragua is entirely proper, that it raises some serious questions regarding U.S. security interests at our very doorstep, and that the countries known to be supporting that insurgency should be held accountable.

Throughout the day yesterday I listened with great interest to the evidence presented by various witnesses describing how various countries are supporting the Sandinista. I listened also with great interest to other witnesses who sought to discount or downplay the importance of the Cuban and Panamanian role—an interest bordering on amusement, were it not for the seriousness of the whole affair. But it is not amusing because it is so deadly serious.

The administration has long had extensive information indicating Cuban, Panamanian, Costa Rican, and—at times, Venezuelan—support for the Sandinista. Yet the administration has been strangely quiet regarding this aspect of the problem. This administration appears to be incapable of raising a strong voice of protest against terrorism which emanates from the left, apparently feeling that to do so would somehow weaken its stance on human rights. I believe this is some of the "selective morality" referred to during yesterday's hearings.

Where is the hue and cry the human rights activists for the rights of victims of the Sandinista, the ERP, the Montoneros, the MIR, the Tupmaaros and various other terrorist organizations operating throughout the Americas? Where is the hue and cry of advocates of conventional arms limitation concerning the illicit traffic in arms from the United States to the Sandinista?

The display of weapons in this room, captured from the Sandinista in Nicaragua, has provided concrete evidence of a network of Communist subversion and terrorism at its worst operating in this hemisphere. I have pointedly avoided in this presentation providing any of the details of the type and extent of outside support for the insurgency in Nicaragua because I recognize that I have a continuing responsibility to protect classified information to which I had access up until my recent retirement on May 1, 1979. Instead, I believe the Congress should avail itself of information which the administration has in order to have a full and complete understanding of the problems which our country faces.

Mr. Chairman, this completes my statement. I hope it will in some way contribute to a more balanced appraisal of our policies regarding arms transfers, human rights, international terrorism,

U.S. economic interests, and most importantly, I believe, U.S. security interests, in this hemisphere. I shall be happy to answer any questions the committee may have.

Mr. HUBBARD. Thank you very much, Colonel Thomas, for your statement and your very helpful information and for your concern and interest.

The Chair recognizes and notes for the record that public law, as well as the regulations of Defense, prohibit you from—as a witness, you as a retired military officer in relation to classified information—from testifying with complete freedom in open session in spite of the fact that you are now recently retired as of May 1, this year.

Consequently, we accept your testimony, fully aware that it may in some respects be necessary to limit some of your answers, is that correct?

Colonel THOMAS. That is correct, sir.

Mr. HUBBARD. It is the subcommittee's understanding that you have just concluded over 30 years of military service, is that correct?

Colonel THOMAS. That is right, sir.

Mr. HUBBARD. What was your final assignment while on active duty with the U.S. Air Force?

Colonel THOMAS. That was duty with the Office of the Secretary of Defense. The Inter-American Region of the Office of Secretary of Defense, which has responsibility for all matters of defense interests in Central/South America and the Caribe Basin, almost 6 years with that office, sir.

Mr. HUBBARD. My next question was how long did you serve in that capacity, and you said 6 years?

Colonel THOMAS. Six years.

Mr. HUBBARD. Would you please describe for us your duties and the scope of your authority in that particular position?

Colonel THOMAS. Well, I believe, sir, the charter of that office would describe it best. I think it reads something like this.

The Office of Primary Competence for all matters of Defense interests in Central America, South America and the Caribbean. The office did serve as the primary liaison between the Department of Defense and other agencies within the executive branch.

Mr. HUBBARD. Colonel Thomas, were you, in fact, for 3 years an advisor to the Nicaraguan Air Force?

Colonel THOMAS. Yes, sir, I was, from 1963 to 1966.

Mr. HUBBARD. Is it correct to say that in that capacity you were familiar with the operations of the Nicaraguan armed forces on a day-to-day basis?

Colonel THOMAS. Yes, sir, I was.

Mr. HUBBARD. To your knowledge, Colonel Thomas, would it be possible for the subcommittee to obtain corroboration out of the Pentagon that Costa Rica is involved in a conspiracy with Cuba and Panama to overthrow the Government of Nicaragua?

Colonel THOMAS. I believe, sir, it would be possible for this committee to obtain many, many different reports indicating that there was involvement by each of those countries, yes, sir.

Mr. HUBBARD. So it is your opinion that it would be possible for us to obtain corroboration out of the Pentagon that Costa Rica is

involved in a conspiracy with Cuba and Panama to overthrow the Government of Nicaragua?

Colonel THOMAS. Mr. Chairman, I think you recognize, I am trying to avoid the use of the word "conspiracy." Perhaps that is the best way to describe it.

Once again, I would prefer to say I believe there is ample reporting indicating the involvement of each of those countries in support for the Sandinistas in Nicaragua.

Mr. HUBBARD. Did you attend the hearings here yesterday, Colonel Thomas?

Colonel THOMAS. Yes, sir, I was here the entire day.

Mr. HUBBARD. Then I assume you heard witnesses questioned about Nicaraguan attempts to allegedly purchase military aircraft in violation of certain laws of the United States?

Colonel THOMAS. Yes, sir, I did.

Mr. HUBBARD. Do you have any knowledge of this Colonel Thomas, based on your experience with arms transfers in Latin America?

Colonel THOMAS. No, sir. I believe I must say that in my capacity, my duties, my last assignment in the Pentagon, if there were such evidence available to the Department of Defense, I would have had it up until the time of my retirement. I did work very closely with arms transfer matters throughout the hemisphere, and I have no evidence whatsoever to corroborate what was said yesterday.

Mr. HUBBARD. Colonel Thomas, would you ordinarily have access to such information in the position you held at the Pentagon?

Colonel THOMAS. Yes, sir, I would.

Mr. HUBBARD. How current is your information?

Colonel THOMAS. Up to the day I retired, on May 1, 1979.

Mr. HUBBARD. Are you familiar with the order of battle of the Sandinista organization?

Colonel THOMAS. Yes, sir, I am.

Mr. HUBBARD. Can you speak to that in this session?

Colonel THOMAS. No, sir, I cannot. I believe that comes under the category of information which the Congress would need to get from the administration, from the intelligence community.

Mr. HUBBARD. In your testimony you suggest, indeed you explicitly state that the administration—I assume you are speaking of the current Carter administration—has for sometime been in possession of classified security information regarding Cuban, Panamanian, Costa Rican and, at times, Venezuelan support for the Sandinistas. You urge the Congress to explore this more fully.

Colonel THOMAS. Yes, sir.

Mr. HUBBARD. Recognizing that, you are still covered by the limitations described earlier, is that right?

Colonel THOMAS. That is right, sir.

Mr. HUBBARD. Will you tell this subcommittee whether those sources were from individual persons or from documents?

Colonel THOMAS. I believe they were from both, sir. They were spread over a considerable period of time, several months at least, and on almost a daily basis.

Mr. HUBBARD. So individual persons and documents do indicate that the administration has information regarding and has had

information regarding Cuban and Panamanian support for the Sandinista government in Nicaragua?

Colonel THOMAS. Yes, sir.

Mr. HUBBARD. Would you have occasion in the normal course of duty to see summaries or reports regarding such classified information?

Colonel THOMAS. Yes, sir.

Mr. HUBBARD. So can we infer that this type of information has been available within the American Government, within the current Carter administration for some months?

Colonel THOMAS. That could certainly be inferred, yes, sir.

Mr. HUBBARD. Were these reports, which you have described, prepared by agencies of the U.S. Government?

Colonel THOMAS. Yes, sir, they were.

Mr. HUBBARD. Were they prepared by the intelligence community?

Colonel THOMAS. Yes, sir, they were.

Mr. HUBBARD. Congressman Bauman.

Mr. BAUMAN. Colonel, could you tell us, without violating the restrictions under which you operate, whether or not the testimony you heard here yesterday in this committee fits into a similar pattern of other activities in which Panamanian nationals may have been involved or does that go too far?

Colonel THOMAS. Yesterday, when I heard the testimony and saw the display of weapons over here was the first concrete evidence that I have seen or heard of the arms traffic involving Cuba.

Mr. BAUMAN. Have there been other similar instances, to your knowledge, without that kind of quality of proof, that we produced here yesterday?

Colonel THOMAS. There are many different types of support for terrorist movements. I feel like I have to fall back to the recommendation that this type of information be obtained from the administration, sir.

Mr. BAUMAN. But there was nothing inconsistent or unusual in what you heard here yesterday?

Colonel THOMAS. Nothing at all, no, sir.

Mr. BAUMAN. No further questions.

Mr. HUBBARD. Congressman Wyatt.

Mr. WYATT. No questions.

Mr. HUBBARD. Congressman Lowry.

Mr. LOWRY. Thank you, Mr. Chairman.

Colonel, we received a lot of testimony on identifying the alleged problem, and I think that concerns us all. The question is what can this Nation do. What steps do you believe would be effective by this Nation in stopping the alleged support of this problem in Nicaragua by Panama, Cuba, Costa Rica? What steps do you say this Nation should take?

Colonel THOMAS. Mr. Congressman, I personally believe, and believe very strongly that the matter of U.S. embargoes on arms to the countries of the hemisphere does not accomplish its intended purpose. I use that word advisedly, intended. I am confident that the intent is genuine and proper. I think it has been entirely, if not entirely, almost entirely counterproductive. It has not slowed down the traffic in arms. It has denied to us, to the U.S. Government,

and the people of the United States that very important influence which we have had but which we are losing with many other countries of the hemisphere. When we tried to deny to any sovereign nation the wherewithal to defend itself, we force them to turn elsewhere to meet their requirements. I believe this is what they are doing and that one way or another each will find a way to satisfy its requirements.

I guess what I am trying to say, sir, is that I believe we have gone much too far in imposing sanctions against countries and if we are going to turn it around, we have to make drastic changes in our arms transfer policy, arms transfers are, in fact, increasing throughout the hemisphere but with practically no U.S. input into it.

Mr. LOWRY. Do you have other suggestions in addition to the arms embargo or sanction? Are there other areas in which this Nation could work that you think might be effective in addition to the arms embargo?

Colonel THOMAS. Well, as a starting point, sir, I would have to go back to the revisions in the lifting of the arms embargoes. The lifting of embargoes does not say that we are going to sell to any country anything that they might conceivably want. It would make it then possible, legal, for the United States to do business with them once again, to establish securities, defense ties, and I think we will be in a far more better position to establish a cooperative relationship. And that would, in fact, make it possible for governments to control such things as this.

Mr. LOWRY. Do you believe that cooperative relationship need also exist between the United States and Panama?

Do you believe that is equally important, that we also have a good working relationship, cooperative relationship with Panama?

Colonel THOMAS. Sir, I believe it is important that we have a good working relationship with each and every country around the world to the extent possible and certainly to the extent that it serves U.S. interests, no matter how small the country.

Mr. LOWRY. Thank you, Mr. Chairman.

Mr. HUBBARD. Thank you, Congressman Lowry.
Congressman Dornan?

Mr. DORNAN. Thank you, Mr. Chairman.

I also agree with your analysis, Colonel, that the intent is benign and sincere in trying to limit the sale of arms. I have read many books on limiting world arms sales, one almost a century ago called "The Merchant of Death". When I was a young boy, I read "Arsenal of Democracy." It is a dilemma and hard to figure out which countries are worthy of support and which are not.

I would like to get your observations, given the case we are investigating here today, on the illegal smuggling of arms to a group attempting to overthrow a government by violent means and killing, about the timing aspects here.

Have you been aware, with your Latin America background, that this would be taking place during the implementation period of the treaties in the U.S. Congress; that this gun running would be going on?

Colonel THOMAS. I have been absolutely amazed that they would be so blatant in this type of action, of the particular timing of it, yes, sir.

Mr. DORNAN. One of the things that I will be asking General McAuliffe about, and I would like you to comment on, when you were at the Latin desk for the Air Force, did you also find some confusion in our Pentagon when the Russian Trade Delegations were coming to Panama during the very period that Ambassadors Bunker and Lenowitz were trying to negotiate this treaty?

Was that discussed?

Colonel THOMAS. Not that I recall, sir. I should add at this point that I was not at any time personally involved in the Panama Canal Treaty negotiations or any of the process.

We had one man in the office who worked that job exclusively and I was dealing with other countries of the hemisphere throughout my assignment.

Mr. DORNAN. In your dealings with these other countries, you spent what, 3 years with Nicaragua as an Air Force adviser?

Colonel THOMAS. Yes; I did.

Mr. DORNAN. You must have picked up a good feeling for the younger and senior pilots that you were flying with, dealing with. Did you feel that they had an appreciation of some of the aspects of freedom that we cherish but take for granted in this country?

Colonel THOMAS. Yes, sir.

Mr. DORNAN. Do you think that there is a middle class in Nicaragua, the families of these military men, many of them who were trained here, that are not that enamored with the autocratic rule of Somoza, but certainly would not want to see a Sandinista alternative?

Colonel THOMAS. I do not think there will come a time in the foreseeable future when the members of Nicaragua would take Sandinista as an alternative to the Somoza dictatorship.

Mr. DORNAN. Given its sheer land mass and its population of way over 100 million people now and the natural resources of Brazil, and the fact that they were a good ally, their young men fought bravely and died all over the slopes of Monte Casino and other battlefields of Italy in combatting fascism, do you think this is one of the major tragedies of the last decade?

Colonel THOMAS. It was a great tragedy. When that happened, I also considered it a great tragedy when a former Member of the Congress made the statement here, not in this room, but made the statement that Brazilians had never fought closer than I believe 500 miles to the front during World War II. That simply was not true. It simply was not true. They were our very staunch allies. They sent, as I recall, some 25,000 people to Italy. There were many, many who were killed there. They gave us access to bases in Brazil for flying across the Atlantic narrows to Africa.

There is no way to overstate the damage done to our country to United States-Brazilian relations when that sort of thing happens.

Mr. DORNAN. Are there younger Air Force officers—what time period, colonel, were you in Nicaragua as an air adviser?

Colonel THOMAS. I was there from February 1963 to February 1966.

Mr. DORNAN. So some of the pilots you flew with are now in command positions?

Colonel THOMAS. As a matter of fact, there was a young captain in the Nicaraguan Air Force who was the director of finance at that time. I was also a captain when I went down there.

Mr. DORNAN. And you see them as honorable men?

Colonel THOMAS. Yes, sir, that young captain is a full colonel and a commander of the air force. He is an honorable man, without question.

Mr. DORNAN. Thank you.

Mr. HUBBARD. Thank you, Congressman Dornan.

Congressman Hansen?

Mr. HANSEN. Thank you, Mr. Chairman.

I would like to ask you one or two questions. One is why Panama would be so interested in Nicaragua in particular? Even though there is evidence to believe that Sandinista and other related movements are broader than Nicaragua, and perhaps service in El Salvador or what—can you hear me?

Colonel THOMAS. I hear you fine, sir, but I do not believe your mike is working though.

Mr. HANSEN. Anyway, the point I am wishing to make, do you have any, in your experience in Central American affairs, do you have any reason why Cuba, Panama, Costa Rica, why some of these nations might be so interested in Nicaragua in particular?

Cuba, do you think the Bay of Pigs, that it was a staging area for this; that there is really no forgiveness there on the part of Castro?

What would be an analysis of why Nicaragua seems to be front and center near the venomous activity of these other activities?

Colonel THOMAS. Well, you have already mentioned the fact that Nicaragua was used as a staging area in the Bay of Pigs area. I think it would go back a little further, you would find that the Government of Nicaragua had supported the Government of Cuba in trying to contain Castro before he came to power. That is, they were supporting the Sandinista government. I think those two elements would be a reason to have a longstanding resentment toward the Sandinista government.

Mr. HANSEN. The Somoza government was acting in our interest extensively to do this at the time, so this makes it rather strange to have our supposed friends, Panama and others, fighting against another friend who is very cooperative in a venture that was aborted but, nevertheless, was favorable to the United States?

Colonel THOMAS. Yes, sir, it does seem strange.

Mr. HANSEN. Do you find any reason to believe that the governments to the north of Nicaragua are involved in any concerted effort to undercut the Governments of Nicaragua, El Salvador, Honduras, Guatemala, any of those?

Colonel THOMAS. Sir, I have absolutely no reason to believe that any one of those governments is in any way supporting the Sandinista government. I think to the contrary, they have been extremely careful to maintain at a minimum a neutrality.

Mr. HANSEN. Even though there is infiltration out of those countries into Nicaragua which is known?

Colonel THOMAS. Yes, sir.

Mr. HANSEN. However, then we have the countries to the south, Costa Rica and Panama. Is Costa Rica directly involved by its own government sanction in one way or another, to your knowledge, in support of the Sandinista efforts in Nicaragua?

Colonel THOMAS. My personal belief is that it is or at least has been, and once again I would recommend that the Congress attempt to corroborate that with the administration sources.

Mr. HUBBARD. Do you have one more question?

Mr. HANSEN. I would like to follow up with one more question, if I might, with the indulgence of the Chair.

This then is beyond what we have been given to believe in the press and the public, that Costa Rica is an unwitting victim of infiltrators, and various activities that the government actually is a willing accomplice in this against Nicaragua?

Colonel THOMAS. I find that one a little hard to answer. I believe first that in many respects, Costa Rica has been an unwitting victim of the whole situation.

I do believe, however, that also they have officially sanctioned some source of support of the Sandinista.

Mr. HANSEN. Which may have come under pressure from Panama?

Colonel THOMAS. Or from the Sandinista themselves.

Mr. HANSEN. Thank you, sir.

Mr. HUBBARD. Thank you, Congressman Hansen.

Congressman Carney.

Mr. CARNEY. In your statement you say that the administration appears to be incapable of raising a strong voice of protest against terrorism which emanates from the left.

Could you elaborate on that?

Colonel THOMAS. Yes, sir. The administration has been extremely outspoken in its criticism of various military governments in the hemisphere, on the basis of violations of human rights. Throughout all of this, I have not seen or heard any outcry from the administration regarding the terrorism being committed by such leftist organizations as the Montoneros, the ERP, or others, over the period of the last—slightly over 2 years.

Mr. CARNEY. Would you say it would be fair to say that this is a demonstration of the State Department's selective morality in the Americas?

Colonel THOMAS. I believe I referred to that in my statement, sir, that I think there has been a selective morality practice. I believe it is continuing, and I think it is working to the great discredit and disadvantage of our country.

Mr. CARNEY. Colonel, I appreciate your frankness before this committee, and I am sure you have added an awful lot to it. I will yield to Congressman Dornan.

Mr. DORNAN. Colonel, in the prior witness' period, one of our distinguished colleagues brought up the names of four righteous governments that we were supplying arms to, Saudi Arabia, Iran—of course, history is taking care of that one, and Mr. Studds and I were joined to block the sale of Arab aircraft to Iran, for my reason I thought it would fall into the wrong hands, and obviously the F-14 Tomcats there did. So I do not have to apologize for that decision.

But he also mentioned Argentina and Uruguay.

Are we supplying arms to Argentina and Uruguay?

Colonel THOMAS. I believe I can give you a complete answer on that, sir. Under the Humphrey amendment that went into effect October 1 last year, a total embargo on all forms of security assistance to Argentina went into effect, that includes all grant assistance, all sales of military equipment, anything on the munitions control list, either for cash or credit, and also it includes the provision of any form of training, either on a grant basis or for cash.

The only thing that would be going to Argentina at this time would be those things which were already on contract, before the law went into effect, and which I understand the administration and the Congress have consented to go ahead and deliver.

Mr. DORNAN. And that Uruguay was one of the highest standard of living nations in South America, well developed, middle class, and ironically it was young children of rich background that involved themselves basically in the Tupamaros period, since they went through that agony, and it is subsidized, have we had any arms transfers to the government there, that could be described as right of center?

Colonel THOMAS. Very limited, sir, as you will recall, there was a piece of legislation which prohibited any former military sales credits to Uruguay for fiscal year 1967. That was known as the Koch amendment.

Mr. DORNAN. Although the history shows there was some arms limitation around the world, it started out as a Marshall plan, and then NATO, if right wing means center of elections, I think we have to reexamine the whole continent, to see where we are under the approach to transferring arms to righteous governments.

Thank you.

Mr. HUBBARD. Thank you, sir.

Congressman Bowen?

Mr. BOWEN. No questions.

Mr. HUBBARD. No questions from Congressmen Wyatt or Lowry?
Congressman Lagomarsino?

Mr. LAGOMARSINO. Colonel, I think I agree completely with what you say about our arms transfer policy, particularly in South America and Latin America.

As I recall, we are now the seventh or eighth supplier of arms to that region, whereas we used to be the No. 1, and while No. 1 in this area is not something necessarily to be proud of, I think if we look at the results of that policy, we find that not only have we slipped, but that the amount of arms being sold to that region has actually increased so if the purpose of that was to promote arms stability, and to cut down on the flow of arms into the area, it has not succeeded at all.

One specific example comes to mind, and that is the case of Ecuador, where the Ecuadorians, being, in my opinion, at least rightly worried about the sale of modern fighter bombers from Russia to Peru, asked our Government to sell them fighter aircraft as a protection against those fighter bombers, and remembering also that Peru, not so many years ago, had taken some half of

Ecuador's territory, I think they had a little reason to be concerned.

Our Government turned them down, they then asked us if we would consent to a sale by Israel of Kaffir aircraft, and we had to consent to that sale because of the fact that American engines are using that fighter, and we again turned them down.

The result, however, was not to prevent the introduction of super modern aircraft into that area, because they then went, and I cannot say I blame them, to France, and Mirage fighters. That is just one example of where, at least I think, our policy has been wrong headed with regard to armed sales to South America.

I hope the administration is going to reevaluate its position, because while I would agree with you and the others on the committee, who have said that no doubt the reason being was, or the—what they were trying to do was right, their heads were in the—at least their hearts were in the right place, that is it has not worked, and I think we should recognize that.

The same thing is true with training of military officers in that region. Just this year the Defense Department proposed a brand-new military training program, limited to peacekeeping, and arms control, and excluded from that training program, by operation of the laws that you just mentioned a while ago, were such countries as Argentina, Chile, and Brazil. The very countries where there is the most likelihood of armed conflict, particularly between Chile and Argentina, perhaps between Chile and Peru. It just does not make any sense.

Some of us offered an amendment to allow the President—would not require him to do it, to allow the President to permit that kind of training, and then only on a reimbursable basis, no cost to the taxpayers whatsoever. The Latin American desk of the State Department supported it; the State Department human rights people came in and raised so much hell about it, that it was killed.

We got no place, and have set the whole thing back that many more years.

I think we should be reexamining our entire policy, aside from the Panama Canal Treaty.

Colonel THOMAS. It is difficult to understand, Mr. Congressman, why the administration would not like to have more discretionary authority in the conduct of the affairs of any country, and that appears, to me, precisely what the administration was turning down.

Mr. LAGOMARSINO. Thank you.

Mr. HUBBARD. Thank you very much, Congressman Lagomarsino and special thanks to Col. James C. Thomas, who retired 38 days ago from active duty in the U.S. Air Force. We appreciate your helpful testimony, and your willingness and cooperation as to the questions posed you.

We next call Lt. Gen. Dennis P. McAuliffe, Commander in Chief, U.S. Southern Command, and the Honorable Brandon Grove, Jr., Deputy Assistant Secretary for Inter-American Affairs, Department of State.

I realize there is a rollcall, but if you would, Lt. Gen. Dennis P. McAuliffe and Hon. Brandon Grove, of the State Department, would you please take your seats at the table, and understand that

at this point we need to take a break, and that would include you all.

I would suggest that we break for 30 minutes, to give each person a reasonable chance to at least get a sandwich, or a coke, and we will come back with Mr. Grove and General McAuliffe testifying, beginning at approximately 1:30, but hopefully you can all get a sandwich also.

Thank you.

[Whereupon, at 1:03 p.m., the subcommittee recessed, to reconvene at 1:30 p.m., the same day.]

Mr. HUBBARD. We are under the committee rules, and we are required to have a member of the minority on our subcommittee present. Congressman Hansen is not a member of our subcommittee, and we are very appreciative of his help to our committee. But we will have to wait for Congressman Bauman or Dornan, or Carney of New York.

I would ask the staff, if they would, to please contact the offices of Mr. Bauman, Mr. Carney, or any other minority member.

[Brief pause.]

Mr. HUBBARD. Now we are ready.

Thank you for your patience.

Hopefully, you had time to eat lunch. We will now call on Lt. Gen. Dennis McAuliffe, Commander in Chief, U.S. Southern Command; and the Honorable Brandon Grove, Jr., Deputy Assistant Secretary for Inter-American Affairs, Department of State.

STATEMENT OF LT. GEN. DENNIS P. McAULIFFE, COMMANDER IN CHIEF, U.S. SOUTHERN COMMAND; AND HON. BRANDON GROVE JR., DEPUTY ASSISTANT SECRETARY FOR INTER-AMERICAN AFFAIRS, U.S. DEPARTMENT OF STATE, AND MICHAEL KOZACK

General McAULIFFE. I am Lt. Gen. Dennis P. McAuliffe, Commander in Chief of the U.S. Southern Command, with headquarters in the Canal Zone—the unified command responsible for U.S. security interests in Central and South America and the defense of the Panama Canal.

In response to your request, I would like to outline the nature of the support provided by Panama to the Sandinista Liberation Front, FSLN, in conjunction with the unstable situation occurring in Nicaragua.

The outbreak of violence in Nicaragua last September, especially the seizure of the Legislative Palace in Managua by the FSLN, constituted the spark that started Panama's involvement.

This FSLN element requested and was granted political asylum in Panama after the palace raid and was brought to Panama aboard a Venezuelan military aircraft and a Panamanian civil airliner. General Torrijos, then head of government, personally met with their leader, Eden Pastora.

Fighting then broke out between the Nicaraguan National Guard and the FSLN along the Costa Rican-Nicaraguan border, persisting through the end of October 1978.

Costa Rica expressed concern over Nicaraguan violations of its sovereignty. This brought an immediate and positive response from leaders of both Panama and Venezuela. Both General Torrijos and

former Venezuelan President Perez made public statements concerning the violation of Costa Rican territory.

Both countries moved military aircraft to Costa Rica at the request of its president. Venezuela went so far as to sign a defense pact with Costa Rica at that time and joined with Panama in issuing public statements that any violations of Costa Rican territory would be met with support by their mutual defense forces, noting that Costa Rica has no standing military force.

Since then, public sympathy in Panama for the anti-Somoza forces has grown and has been duly noted. Concerned citizens, mostly university students and professors, formed the committee of solidarity with the Nicaraguan people, CSPN.

The CSPN offered moral support by issuing public statements that attacked President Somoza's administration while registering concern for the people living under the Somoza government.

In addition, that committee began fundraising activities in Panama and other countries in Latin America, including Colombia and Mexico and used these moneys to assist refugees arriving in Panama.

Beginning in mid-September, three separate attempts were made by individual student organizations to form "volunteer" brigades in Panama to join forces with the opposition forces in Nicaragua. Only one such unit, known as the Victoriano Lorenzo brigade, or the International Brigade, BIP, composed of some 75 to 100 volunteers, actually came into existence.

This brigade was headed by Hugo Spadafora, the Panamanian Vice Minister of Health, who resigned his position to organize the unit. In public communiques, the leaders of this "brigade" stated that they did not take orders from any government, nor did they expect to receive any economic compensation from any government.

Volunteers from diverse backgrounds were reportedly united basically in a desire to remove the government of President Somoza. Many of the young people were attracted by a sense of adventure.

While various communiques and news releases by the International brigade have praised the spirit and fighting ability of its members, we believe the brigade is more a propaganda tool than an effective military fighting force.

Despite the media play on the battles in which the brigade has become involved, by their own accounts only four Panamanians have been killed in the fighting in Nicaragua. It is unknown if the brigade was ever committed as a unit in support of the FSLN and the limited training of its members would make it doubtful that it could achieve significant military impact.

Over the past month, the International Brigade has placed notices in the newspapers and over the radio asking for volunteers who are ready to fight immediately, which may indicate that they continue to register sympathy for the causes of the Nicaraguan people as they perceive them.

The involvement of the Government of Panama in the Nicaraguan affair can be summarized as follows:

First, they have provided materiel support to the Government of Costa Rica in the form of two helicopters to be used for medical evacuation purposes in the event of an invasion from Nicaragua;

Second, they have provided moral support to the anti-Somoza elements in Nicaragua through the news media and through diplomatic channels;

Third, the Panamanian Government permitted the formation of the International Brigade in Panama and provided it some support in the way of training, use of government lands, and transportation;

Finally, consistent with its long-standing policy of providing asylum and aid to refugees from all Latin American countries, the Government of Panama has accepted refugees from Nicaragua, as well as FSLN members who had fled Nicaragua into Costa Rica and Honduras.

Generally, refugees have been provided with food and shelter, and FSLN members have been assisted in onward travel to third countries such as Venezuela, Mexico, and Cuba.

Furthermore, the Governments of Panama, Costa Rica, Venezuela, and more recently, Mexico, have continued a public condemnation of President Somoza.

The Panamanian involvement appears directed more against the Somoza regime, which is perceived by Panama as repressive, than toward advancement of the Sandinista cause. General Torrijos and President Somoza have made no secret of their hostility toward each other.

Since the FSLN is dedicated to the removal of Somoza, Panamanian sympathy supports that group. Within the Government of Panama, spokesmen have stressed the humanitarian nature of Panama's support to the FSLN. This has manifested itself in helping refugees and maintaining an embassy in Managua so that those who believe they are politically persecuted can find immediate refuge.

It is also worthy of note that, within the Central American region, there is a lingering hostility toward the Somoza family by those who have felt harassed as far back as the original Somoza regime of 1936.

Some Panamanians have been instrumental in the transfer of some arms and personnel into Nicaragua. Concerning the specific charge of the illegal transfer of arms from Florida to Panama for eventual use by the FSLN in Nicaragua, the case is now in the U.S. courts and several individuals, including Mr. Carlos Wittgreen of Panama, have been indicted.

Obviously, any public discussion of the case would be imprudent until the judicial process has been completed.

With regard to the Florida case, President Royo has assured the United States that a full investigation would be made to determine if a crime had been committed. It should be noted, however, that due to its geographical location, Panama is a natural crossroads for commerce and contraband as well.

We fully expect public statements by officials of various Central and South American countries to be supportive of anti-Somoza elements in Nicaragua. Undoubtedly, civilian volunteer groups

from Panama and other Latin American countries will continue their support to the forces that oppose the Somoza regime.

Thank you, Mr. Chairman.

I will now pass to Mr. Brandon Grove.

Mr. HUBBARD. Thank you very much, General McAuliffe.

Now we have Hon. Brandon Grove, Jr., Deputy Assistant Secretary for Inter-American Affairs, Department of State.

Mr. GROVE. Mr. Chairman, I welcome the opportunity to appear before this committee. My areas of responsibility include Mexico, Central America, Panama, and the Caribbean.

I shall be testifying on the question of Panama's relationship to the Nicaraguan crisis, on the foreign policy and other issues that exist as a result of the polarization in Nicaragua, and on the bearing of those factors upon the Panama Canal Treaty implementing legislation now under consideration in the House of Representatives.

Panama, together with Costa Rica, Venezuela, Mexico and a number of other democratic countries, has not hidden its dislike for the regime of President Somoza.

Mexico and Costa Rica have gone to the extreme of breaking diplomatic relations with Nicaragua.

The Chiefs of State from Bolivia, Colombia, Ecuador, Peru and Venezuela, attending the Andean Pact Summit in Cartagena, Colombia, on May 27 through 28, 1979, called for an end to the systematic violation of human rights in Nicaragua and expressed their deepest concern that the political situation in that country could represent a threat to peace in America.

The attitudes of various countries toward the Somoza government have led to charges of intervention in the Nicaraguan conflict. There have been charges of Panamanian involvement in Nicaragua, arising in particular from the recent seizure in Miami of a shipment of arms and ammunition, and the resultant indictment handed down in Florida implicating five persons in a conspiracy to export arms illegally to Panama.

The facts of this case are contained in the indictment and an accompanying affidavit, both of which have received wide publicity. A representative of the Treasury Department has testified here on this case, and I will not expand further except to set forth our understanding of the case and of Panamanian reactions.

On October 27, 1978, Treasury's Bureau of Alcohol, Tobacco and Firearms informed the Department of State that it had initiated an investigation of allegations of illegal arms purchases in Miami. In a subsequent conversation on November 7 between officers of the State Department and the Bureau of Alcohol, Tobacco and Firearms, the latter were told that the Department favored a thorough investigation, and prosecution, of all persons concerned if our laws had been broken.

In December 1978, the Panamanian Embassy protested in writing the seizure of a number of small arms. The Embassy assured the U.S. Government that arms purchased were for the exclusive use of the Panamanian National Guard, and that those weapons purchased which had arrived in Panama were, and would remain, under the control of the national guard.

In April 1979, the Office of Munitions Control of the Department of State requested that the U.S. Customs Service investigate individuals and corporations involved in the exportation of weapons from Miami to Panama.

One of those to be investigated is Mr. Carlos Wittgreen, a Panamanian. Since some of the weapons sold to Mr. Wittgreen were seized at the Nicaraguan border, the Department asked that the Government of Panama determine if there had been any violation of Panamanian law while these arms were on Panama's territory. The Government of Panama has informed the Department that it has initiated an investigation in order to make such a determination.

The matter of arms supplies to the Sandinistas is of grave concern to the State Department. The flow of such supplies is a symptom of the deeper problem in Nicaragua: Polarization and its attendant violence that day by day are contributing to the growing alienation of the Nicaraguan Government from its people, and that day by day pose a growing threat to peace in the region.

The crisis in Nicaragua can only be resolved by Nicaraguans. The real cause for concern today should be the breakdown over the past several years of the trust between government and people essential for the democratic process to function.

The result has been a political polarization in Nicaragua separating the declining number of Nicaraguans who support the Government from those who see armed insurrection as the only answer.

You will recall, Mr. Chairman, that this form of social and political breakdown led to the widespread strikes and violence of last September in Nicaragua. The OAS, in its resolution of September 23, 1978, noted the willingness of the Government of Nicaragua to accept the friendly cooperation and conciliatory efforts of member states to help resolve the internal crisis.

In response, the United States, Guatemala, and the Dominican Republic, offered their cooperation.

This offer was accepted by both the Nicaraguan Government and the moderate opposition coalition, known as the Broad Opposition Front.

The international negotiating group began its work on October 6 in an effort to help the sides find a means for allowing the Nicaraguans to decide their future. That effort reached an impasse by mid-January, leaving the major issues in Nicaragua unresolved.

The tragedy is that elements of the moderate opposition, who, if given a choice, would support a peaceful democratic solution, are slowly and reluctantly being driven into positions of support for the violence and civil warfare that is once again tearing apart the very fabric of Nicaraguan society.

Formerly moderate Nicaraguans, and especially their teenaged children, are joining the ranks of Sandinista guerilla groups, two of which have avowedly Communist goals. Thus, the absence of a peaceful Nicaraguan solution to its internal crisis is playing into the hands of forces that are inimical to the interests of the United States. The centrist, democratic elements in Nicaragua must find new strength and new hope.

We are opposed to the introduction of arms into Nicaragua and we lament the bloodshed to which these arms contribute. Only 3

days ago, at a special meeting of the Organ of Consultation of the Organization of American States, our representative, Ambassador Gale McGee, not only made the above points, but offered once again the good offices of the United States to assist in the achievement of an overall solution in Nicaragua.

In addition to condemning external intervention in the Nicaraguan situation, Ambassador McGee called upon all OAS member states to join in a serious effort to cooperate in resolving the crisis in Nicaragua in order to prevent the domestic conflict from emerging into an international war.

He urged member states to stand ready to help Nicaragua develop and implement a legitimate process for political transition to a functioning democracy in which the Nicaraguan people can realize just aspirations.

Before concluding, Mr. Chairman, I would like to comment on the view that congressional decisions on Panama Canal Treaty implementing legislation should be influenced by Panamanian activities in relation to Nicaragua, and that possibly the Panama Canal Treaties themselves should be reconsidered in light of the Nicaraguan situation.

It is a mistake, I submit, to attempt to link these matters. If this is done, the results will be self-defeating.

There are several points to consider in this regard.

The treaties have been approved in accordance with our constitutional process. They will enter into force on October 1 of this year.

The purpose of the implementing legislation is to establish the framework for the exercise of rights and the discharge of responsibilities by the United States under the Panama Canal Treaty.

The subject matter under discussion today, although important, bears no legal or practical relation to that purpose. Neither the Panama Canal Treaty nor the Neutrality Treaty governs the conduct of relations by Panama or by the United States with third countries.

Obviously, we would not tolerate an attempt by Panama to seek to use the treaty as leverage to influence U.S. policy in other areas. Panama will, with justification, reject such an attempt on our part if the issue before the subcommittee is injected into this legislation.

It would be contrary to the interests of the United States to allow Panamanian attitudes with respect to Nicaragua to jeopardize the prompt passage of effective implementing legislation.

In the absence of legislation, it would be extremely difficult for the United States to exercise its right to run the canal. Operation of the canal would be impaired and perhaps suspended. Failure to perform our obligations under the treaty could place in jeopardy the continuation of our right to remain in Panama.

The passage of legislation which would in effect change the terms of the Panama treaties would be equally ill-advised and counterproductive. We have no right to dictate new treaty terms to Panama.

We are disturbed by actions taken by the Nicaraguan Government, including the violation of human rights. And we are also disturbed by the activities of outsiders—whether Panamanians or of other nationalities—who are feeding the flames of violence in Nicaragua.

It is important to recognize that the Panama Canal Treaties were designed to protect the neutrality of the canal, regardless of the particular position of either government at any given moment. Panama and the United States will not see eye to eye on all the issues during the next 21 years. Panama will pursue its national interests, and we will pursue ours.

The only requirement is that the two governments cooperate faithfully to maintain the neutrality of the Panama Canal and to facilitate its operation in accordance with the arrangements of the 1977 treaties.

The Department of State is prepared, to the extent possible, to cooperate with appropriate committees of Congress in exploring the situation in Central America and any steps which may usefully be taken to deal with it in terms of our national interest.

But to do so by attempting to make the Panama treaties, or the implementing legislation, hostage for unrelated matters would result in creating enormous problems for the United States, and in destroying the basis for successful Panama Canal operations so carefully worked out in the treaties themselves.

Thank you, Mr. Chairman and members of the committee.

Mr. HUBBARD. Thank you, Mr. Grove.

We are under a rollcall vote in the House at this time.

General McAuliffe, in your capacity as the commander of the southern command, you are exposed to a variety of intelligence data; is that correct?

General McAULIFFE. That is correct, sir.

Mr. HUBBARD. During the period March 22 through 25 of this year, members of our subcommittee visited Panama. During that visit, members were briefed by you in a classified setting at your headquarters, is that correct?

General McAULIFFE. That is correct, sir.

Mr. HUBBARD. During that briefing, was there a discussion which you can relate for us in open session of the introduction of foreign weapons into Nicaragua by Panamanian citizens? I presume that your intelligence officer takes cognizance of data from both classified and unclassified sources; is that correct?

General McAULIFFE. There is very little that I can say beyond what I have included in my opening statement concerning allegations of the specific transfer of arms between Panama and any place else. The subject was, as I recall, generally discussed at my headquarters, but I would beg your indulgence, sir; that I cannot get into that in detail in this open session.

Mr. HUBBARD. From unclassified sources, General, are you aware of the reported transactions involving weapons purchased by Panama and destined for guerrilla groups in Nicaragua?

General McAULIFFE. Yes, I am. That is part of the indictment against Mr. Carlos Wittgreen and certain other Panamanian nationals—the *Florida* case, which is before the U.S. courts.

Mr. HUBBARD. This subcommittee heard some testimony yesterday to the effect that the U.S. Government itself, through its enforcement agencies, is seeking to prosecute individuals who have allegedly shipped arms through Panama to Nicaragua.

Why did the Panamanian Government embark upon such a reckless course of action at such a sensitive time? Do you know the answer to that?

General McAULIFFE. Sir, I don't have what I would consider conclusive evidence that these actions are other than the actions of individuals who are apparently trying to make money and capitalize on a situation. There is no evidence that the Panamanian Government as such is behind this.

Mr. HUBBARD. Today, the subcommittee has heard from retired Lieutenant General Sumner as to constraints he was under when he operated while on active duty with respect to Panama.

Have you been constrained in any way in preparing your testimony for this hearing?

General McAULIFFE. None whatsoever. I can say that assuredly. My only constraint is respecting the bounds of sensitivity as they apply to classified information.

Mr. HUBBARD. In your professional opinion, as a senior ranking military officer, what is the military situation in Nicaragua at this time?

General McAULIFFE. The situation is, first of all, a confused one, because I do not have timely and complete reports on what is going on within the country. Like most members of the committee, we look to news reports that are coming out of the country. I do have access to some information which comes to us from other countries in the region and which in many cases corroborates what we read about in the newspapers. But it would appear that the FSLN has mounted a series of hit-and-run type attacks in various parts of the country.

Mr. HUBBARD. General, could you please hold at that point and resume in about 10 or 15 minutes? Some of us cannot run as fast as others. We are about 7 minutes away from the deadline on this rollcall vote.

We will stand in recess.

[Brief recess.]

Mr. HUBBARD. We did have a quorum when we recessed. We will proceed.

General McAULIFFE. Would you like me to continue my response to that question?

Mr. HUBBARD. I believe the last question was, in your professional opinion as a senior ranking military officer, What is the military situation in Nicaragua at this time? We had to be interrupted because of the vote, but now we are back.

Please do proceed.

General McAULIFFE. Mr. Chairman, it is very difficult for me to know precisely what the situation is. It is somewhat confused. But in any event, we are unable at first hand to get accurate reports out of Nicaragua itself. We do have access to information coming to us from some of the neighboring countries, and from that, I can state that there is much turbulence within the country of Nicaragua. The FSLN very recently mounted a series of hit-and-run type attacks against—apparently aimed at the National Guard of Nicaragua, the armed forces of Nicaragua. These are attacks wherein they would seize a township or a small city for a short period of time, maybe a day, maybe a few days, and then when they feel

that the guardia nacional—the national guard—has mounted sufficient strength they will simply disappear into the countryside, and then attack some place else.

The strength of those attacks, as best I can gather it, is not very significant, although, within a particular area, it can be sufficient to carry that engagement until the guardia nacional can reinforce. The Nicaraguan forces of President Somoza are, in my judgment, entirely capable of dealing with this threat. They do have a sufficient supply of arms and force. They do have tactical mobility to be able to move their forces around the country; and they appear to have adequate command and control of their forces, better, I might add, than they did last September and October when this showed up as a major deficiency.

So, in summary, the Sandinista forces are quite active in the country, are retaining the initiative to try to keep the Nicaraguan forces off balance.

The Nicaraguan forces are reacting, in my judgment, adequately to the situation and are able to regain control in the contested areas fairly quickly.

Mr. HUBBARD. Thank you.

The next question, What would be the military implications if a Marxist-Leninist government took control of Nicaragua?

General McAULIFFE. I think that that would be a situation that would split Central America and would open up access of Cuba and no doubt the Soviet Union into Central America, an access that neither country has been able to attain up until this time. It would be a bad situation. I am sure that it would affect us militarily.

It would also affect the region economically, and I am sure in a sociological sense as well.

Mr. HUBBARD. Thank you, General.

Forgive me for this personal aside and for diverting from the subject at hand.

I have five constituents whom I have not been able to visit with yesterday or today. I have not even been able to speak with them because of this hearing and the running back and forth.

I would ask that the county executive judge of the largest county in my district, A. G. Pritchett, and also Landan Overfield, Mildred Wood Watson, Joe Nell Wilson, and Ruby Higginson all take seats in this area right in front of me, if you would. They do not even have seats in here. We can give them then a cordial welcome from their Congressman to the hearing.

Thank you, General McAuliffe, for permitting me to take care of constituents who have been ignored for 2 days.

The next question is, Have you ever identified Edgardo Lopez as an employee of Panama's G-2?

General McAULIFFE. No, sir; I have not.

Mr. HUBBARD. Did you hear the testimony of Colonel Thomas this morning?

General McAULIFFE. Yes, I did or, I should say, most of it, when a phone call interrupted some of the beginning.

Mr. HUBBARD. I have served in the Air Force and the Army and I listened to the testimony of both General Sumner and Colonel Thomas and admit I was very impressed by their testimony.

Of course, they are now retired and able to speak freely. Colonel Thomas described intelligence reports which chronicle Cuban and Panamanian armed support for the Sandinistas.

Have you seen these reports?

General McAULIFFE. I have seen many such reports; yes.

Mr. HUBBARD. So you have seen these reports? Are the contents of these reports classified?

General McAULIFFE. The ones I have in mind are classified; yes, sir.

Mr. HUBBARD. So Colonel Thomas, if I may repeat, is correct when he says there are intelligence reports within our country which chronicle Cuban and Panamanian armed support for the Sandinistas?

General McAULIFFE. I would say that there are reports which relate to the Cuban arms; and there are some reports that relate to Panamanian involvement, generally along the lines of the statement that I made to the committee earlier.

Mr. HUBBARD. This involvement by Panama includes arms, does it not?

General McAULIFFE. It depends upon whether you are talking about the Government of Panama or Panamanian nationals who have been found to have done some of this as has already been indicated in the *Florida* case.

Mr. HUBBARD. Having heard Colonel Thomas describe these intelligence reports which chronicle Cuban and Panamanian armed support for the Sandinistas, are you contradicting the statement, the testimony of Colonel Thomas in any way?

General McAULIFFE. No, sir. I just want to be sure that you understand that in my instance here I am talking about a Panamanian involvement that is not necessarily an involvement of the Panamanian Government.

Mr. HUBBARD. Did you take any action subsequent to hearing General Sumner's report today on his conversation with General Torrijos concerning gun running?

General McAULIFFE. As I recall the conversation which I had with General Sumner, I believe the day after his meeting with General Torrijos, the subject of the discussion between the two of them was Torrijos own sympathy for, and you may say, support of, the Sandinistas, at least certain members of the Sandinista group.

The subject of running arms to the Sandinistas was not, as I recall, brought out in that conversation—in that meeting.

Mr. HUBBARD. General McAuliffe—and I ask you to listen carefully to this—have you been to Nicaragua recently, during this year? Just yes or no.

General McAULIFFE. I am just trying to think. I was there either in December or January. I believe it was in December—last December.

Mr. HUBBARD. Did you have the opportunity to speak to President Somoza?

General McAULIFFE. Yes, sir.

Mr. HUBBARD. Did you suggest to President Somoza that he resign?

General McAULIFFE. No, sir.

Mr. HUBBARD. You never made that suggestion to President Somoza?

General McAULIFFE. No, sir. We discussed—

Mr. HUBBARD. Did you discuss his resignation?

General McAULIFFE. Discuss what?

Mr. HUBBARD. His resignation.

Mr. McAULIFFE. Not in that tone.

Let me say that what we discussed—and of course that was a sensitive discussion—but I believe that I can tell this committee that I went there to—

Mr. HUBBARD. At whose direction did you go there?

General McAULIFFE. I went there at the request of the Department of State with the concurrence of the Chairman of the Joint Chiefs of Staff.

Mr. HUBBARD. Did you tell President Somoza that it would be in the best interests of the stability of Central America if he resigned?

General McAULIFFE. I wanted to say, sir, that our discussion was to advise General Somoza of our support; that is to say, our military support, U.S. military support, Department of Defense support, for the process of negotiations leading toward a plebescite which was then alive and under active consideration, negotiations which had been carried on between representatives of Somoza's party and the Broad Opposition Front in Nicaragua, and by three member nations of the OAS.

It perhaps was not clear, or not made clear to General Somoza that we on the military side supported that process. That was the purpose of my visit.

Mr. HUBBARD. While we give you more time to think back on that conversation with General Somoza, we need to go back for a rollcall vote.

Thank you very much.

[Brief recess.]

Mr. HUBBARD. Thank you for your patience.

We had two votes during that time, including final passage of housing legislation. So we should have a while without being disrupted.

We do have Congressman Dornan, a member of the minority on the subcommittee, present.

Now, back to the questions, please, General McAuliffe and Mr. Grove.

General McAuliffe, again, when was it you were in Nicaragua to speak with General Somoza?

General McAULIFFE. As I recall, Mr. Chairman, it was in December of last year.

Mr. HUBBARD. What was the date? You say December. Do you remember if it was prior to Christmas, or after?

General McAULIFFE. I will get the dates for the committee, but my recollection is that it was about the middle of the month, middle of December.

Mr. HUBBARD. Who was present with you?

General McAULIFFE. Ambassador Bowdler.

Mr. CARNEY. I did not hear that name.

General McAULIFFE. Ambassador William Bowdler who, at the time, was the designated U.S. negotiator among the three-nation

group of negotiators. He represented the United States. There were also representatives of Guatemala and the Dominican Republic.

This group of three was trying to work out an arrangement, an accommodation, with President Somoza's Liberal Party, and the Broad Opposition Front, leading toward the plebescite.

Mr. HUBBARD. So the meeting was between you and Mr. William Bowdler and General Somoza?

General McAULIFFE. Correct, sir.

Mr. HUBBARD. Was there a transcript taken of the conference?

General McAULIFFE. Not to my knowledge.

Mr. HUBBARD. Has anyone from the State Department ever asked President Somoza to resign?

General McAULIFFE. I really do not know.

Mr. HUBBARD. Mr. William Bowdler is with the State Department? Is that correct?

General McAULIFFE. That is correct.

Mr. HUBBARD. Isn't it a fact that in your presence in December, Mr. William Bowdler of the State Department asked President Somoza to resign?

General McAULIFFE. No, sir. Certainly not at that meeting. As I had indicated earlier before the vote, my presence there was to convey to General Somoza that we on the U.S. military side were supporting the negotiating process leading toward a plebescite in the country.

Now, one of the implicit purposes of the plebescite was an early resignation of Somoza as president. His term is due to expire in 1981 and the purpose, rather the plebescite process, was intended to be a means of permitting moderate opposition elements in the country to have some influential representation in the Nicaraguan Government and from our point of view on the military side, it was to try to achieve some alternative to the Sandinista.

Mr. HUBBARD. I would ask this of you and Mr. Grove, as you appear before a congressional subcommittee, did in fact Mr. William Bowdler of the State Department ask President Somoza to resign?

Mr. GROVE. I am aware of the meeting—

Mr. HUBBARD. When was the meeting?

Mr. GROVE. Whenever General McAuliffe said it was. In December.

Mr. HUBBARD. Is that the only meeting?

Mr. GROVE. That General McAuliffe had with President Somoza?

General McAULIFFE. That was my only meeting with President Somoza; that is, on this purpose. I, of course, had seen him previously, but Ambassador Bowdler was in the country for literally weeks and had many meetings with President Somoza, to my knowledge.

Mr. HUBBARD. Then, Mr. Grove, you would be aware, I assume, that Mr. William Bowdler of the State Department did ask President Somoza to resign?

Mr. GROVE. No, sir, not that I am aware of. I do recall in general the meeting and, of course, I was not present. It came at a time, if memory serves me right, when the plebescite proposal that was being considered by the mediation group and the two other parties concerned, the government of Somoza and the FAO to which I

referred, when the mediation proposal was very much an alive idea. If memory serves me correctly, one of the things that would have been—and I believe was—discussed in terms of the possible outcome would be that if President Somoza lost the plebescite, would he leave the country, would he resign. I believe that was discussed there at the meeting, but I submit that that is very different from asking President Somoza to resign.

Mr. HUBBARD. General McAuliffe, do you recall hearing Mr. William Bowdler tell President Somoza that his resignation would be in the best interests of the stability of Central America? Yes or no.

General MCAULIFFE. No, sir, not in my presence.

Again, let me say that my purpose was as I have previously expressed it, the meeting was rather lengthy and, as I recall, was largely taken up by General Somoza in an explanation by him of the situation in Nicaragua and of his position on the entire plebescite process. This was before he announced his opposition to that process.

Mr. HUBBARD. Congressman Dornan?

Mr. DORNAN. General McAuliffe, good to see you again.

General, I thought we had learned a very, very hard lesson in Vietnam, sending high-ranking military officers, trained, and trained quite well, to fight wars in political situations. It ended up in the Kennedy years with the ultimate—but nobody intended the death of Diem. But it ended up in finding Diem and his brother executed by a crew that we had encouraged, according to a 4-hour NBC white paper. It had been discussed in the Cabinet Room, and the President himself, in that case, President John F. Kennedy, said, are there any objections to encouraging this coup?

Ted Sorensen told me himself that in an interview. And the result was beheading a country that was then under severe Communist attack. We picked up a moral obligation and went through a series of Air Force attacks and ended up with a guy who runs a restaurant in Paris and who wore a little goatee and a top hat. I thought we had learned that lesson.

Now, I see you were sent, and I am sure you were acting as an honorable citizen, but I do not think that you should be in discussions with a head of a Central American country, whether or not he should resign; whether before or after a plebescite.

I have gotten this from several ambassadors off the record and they have begged me to let them remain anonymous. Two years after your visit down there, a really ugly scene happened in Iran. I understand that the President asked General Haig before he resigned to go down to Iran and tell the generals there not to arrange a coup. Despite all of our international power, we were playing the Pat Darien-Mark Schneider game.

General Haig turned him down, so he sent a four-star general and the Air Force Command, who was probably a decent and honorable man. He described his associations with some of the pilots he had. Then there was this ugly kangaroo execution trial the night before he was—in Iran. One of the victims told this story to the kangaroo court; that the U.S. general came down, met with some of them down there to encourage them to believe in the ayatollah. All those men are dead now.

I wonder if we are not playing a desperate game. If General Somoza is gunned down or blown up, under this Operation Astro-naut that we were told about yesterday, whether you will not be left the military fall guy holding some diplomatic policy instead of commanding the south, which you told me was our last outpost from the Rio Grande to the Antarctic. You said you would defend that and defend the canal. We discussed that; that is why we needed this treaty, to keep the canal open, defensible and free.

I responded that the canal was open and free. You told me it was defensible.

I would like to ask you this question:

Do you believe if we decided to give the canal to Panama tomorrow that Nicaraguan ships would be allowed to pass through it the very moment that—would Nicaragua have any access to that canal?

General McAULIFFE. There seem to be two aspects to your question, Congressman.

First, whether the canal is defensible and, second, whether when Panama should ever take it over, they would permit a Nicaraguan ship through.

The canal is defensible. But I must define that to say that our military forces are prepared, have been prepared and can keep the canal from being destroyed by a hostile force.

However, no matter what kind of a force we would put into the Canal Zone, and during World War II we had as much as 67,000 troops in that area, whatever kind of force we put in there could not, if we were in a hostile environment, give a guarantee that we could keep the canal open; that is, today, without interruption of its use by commercial shipping.

We could, of course, from a military point of view, if we should have a hostile environment around the Canal Zone, put air and sea escorts around ships and literally drive them through the canal as we drove ships and barges and the like through the Mekong River in Southeast Asia. But that is a very costly way to go and obviously would not be looked upon very long and favorably by the shipping industry.

Mr. DORNAN. If I may interrupt, may I get into a—I did not get this from a classified source—but immediately after the Panama Canal Treaty went through, and I was one of the few Congressmen on the Senate floor that day watching that hairsplitting victory, the word leaked out of Panama that—the State Department leaked it only for domestic use—that Torrijos had a plan to sink ships at either the mouth of the isthmus, which certainly would not have been beyond his control. That is exactly what he was going to do if the Senate vote had gone two votes the other way.

Have you heard from unclassified sources these stories?

General McAULIFFE. We have heard stories like that. As a matter of fact, General Torrijos talked in a publicized session a day or two after that vote. He was talking obviously for the benefit of the Panamanians and specifically for the benefit of the members of his Guardia Nacional to try to pat them on the back and tell them that, now they have the treaty and that he would have called upon them to do such damage as you have indicated if the treaty vote had gone the other way.

Mr. DORNAN. If he would say that afterward, of course, under article 52 of the Vienna Conference of 1969—again, people laugh about this—our power compared to Panama; if they had done that behind the scenes, to Bunker and Linowitz, that would have violated the treaty under the International Canons of Law before we even went into the treaty.

The point I am trying to make—and I think you have grasped this because we have talked about it before—the canal is open.

If the treaty is not passed, it will stay open. But I maintain that Panama, even under its constituted government today—and I think it is shifting to the left very quickly—would run discriminatory policies as Egypt did against Israel.

As a matter of fact, Torrijos is the kind of man who would make a snap decision about Israel on the other side of the world and not let Israel transit the canal. I think we are headed for one mess.

Before my time runs out, either I or someone else asked you in February of 1977 if it was true that Senor Manuel Noriega had been used in the planting of the bomb in the Canal Zone that you were commissioned to protect in, I believe, October of 1976. I believe when we asked the then Ambassador Taylor if that was true, he said, yes, and that he went over and expressed outrage himself quietly, behind the scenes, to the then appointed president and to Omar Torrijos.

Is this the same Noreiga we have been hearing about yesterday and today, and do you personally believe that he did engage in setting bombs in our Canal Zone 3 years ago?

General McAULIFFE. We have never been able to solve that bomb case. It must be the same Noriega you are talking about. He is very well known, but we have not been able to determine precisely who set those bombs. There were lots of rumors that we really have never been able to check out, that the G-2 section was behind this.

But by the same token, there is also rumor and partial evidence that there may have been another group involved in it. It is just one of those things that we will never know.

I would like to address one point you raised, and that is whether Torrijos would let a Nicaraguan vessel through. Panama does not get complete control of the canal until the year 2000. We just cannot answer that question now. Obviously, Torrijos will not be around and we are hard pressed to know what the nature of the Panama Government will be at that time.

Mr. DORNAN. Mr. Grove, I do not mean not to ask you questions, but I have established an acquaintance with the general. I just believe that we have boxed ourselves into a corner by ignoring the House's role. I discussed this with the President. I could see this coming and I was a freshman last year.

I heard the discussion with The Washington Post about whether the President or Tip O'Neill is going to prevail or whether the vote even comes up, which is fascinating, whether or not the votes are there. You have noticed Congressmen coming in all day long, taking a look at the panel, the guns.

The State Department recommended against it. So did other Government agencies. But I think it flushes out the issue.

All I am attempting to do is to go back to the 1930's and to the expressions and—they were defending the Abraham Lincoln Bri-

gade, a beautiful name, going over to Spain—and we are still terrified and uncomfortable in using the word “conspiracy,” even a small Caribbean conspiracy. I note that Torrijos is not a very bright man, like the ghost of Che Guevera and most recently, Mr Castro himself.

Mr. HUBBARD. Thank you.

Mr. BAUMAN. Thank you.

Just to pursue this question of the defensibility of the canal, if I might, General, I believe you have indicated in statements previously that you could stop the canal from being conquered, as it were, by someone; but you could not insure that it be kept open.

We have mentioned the possibility or the probability of ships being sunk in the entrances. I presume the gates, the dams, may be very vulnerable to weaponry of one kind or another.

Could you, without getting into some area that you are not permitted to discuss, could you address that subject?

General McAULIFFE. I would be pleased to. There are a couple of sensitive points about the canal itself that I would wish to avoid in an open discussion; but I can say that these critical points of the canal, the locks, the dams, the things that, if seriously damaged, would destroy the canal, drain the lakes, and prohibit the use of that canal, these works of the canal were very well made, very well put together.

They can indeed be defended and it would take a rather major effort by a saboteur or anyone else to destroy them.

But having said that, I can also say that it would not take much of an effort to temporarily disable, say, one of the lock gates, and that would be one means of sabotage that would be very difficult to defend against because just a wrench in a gear box could cause that kind of thing.

But when we talk about the possibility of disrupting the canal by a hostile force, the force does not have to be very strong and does not have to reach the canal itself. It can stand off beyond the Canal Zone boundary, which is 5 miles from the centerline of the canal except in the lake area, and lob in mortar rounds or recoilless rifle rounds or something like that. Even if they did not hit anything, just lobbing those into the centers where the canal operating employees are working, and there are several such centers, would scatter those employees and by that scattering, render the canal useless until such time as you could get them all back on the job again.

So that the opportunities to disrupt the canal operations by a small military or paramilitary force are rather limitless down there.

Mr. BOWEN. Thank you, General.

I have gathered that there are some who feel, without saying so explicitly, that if we lost our right to remain in Panama through failure to pass legislation, for example, or in some other manner violating the treaties, that we could always stay down there under the forces under your command, for example. And I think it is enlightening to know that it would be an extremely difficult matter to keep the canal open.

Certainly, we could stay there if we wanted to use force, although I do not think many Americans would support that course

of action. But the matter of keeping the canal open, which we all want to do, would be extremely difficult.

Did either one, or both, of you have the opportunity to hear the testimony of retired General Sumner? Were you here?

General McAULIFFE. Yes.

Mr. GROVE. Yes.

Mr. BOWEN. If I could ask you, General, or Mr. Grove, either, he seemed to indicate that if we failed to pass any legislation or in some other manner violated the treaty, and if that repudiated the treaties and our obligation under them, and if Panama under international law terminated the treaties and invited us to remove our troops and personnel, that somehow or other we could all get together and Panama would agree to some international administration of the canal.

I wonder if you might comment what you think might happen. Do you see that sort of attitude on the part of Panama?

General McAULIFFE. I certainly do not see that attitude at the present time, sir.

I believe that if implementing legislation should not be passed, there will be an adverse reaction, first of all, by the canal employees who are depending on that legislation for their future jobs and welfare, and by the military forces who are depending on it as well.

There are several very essential provisions in the legislation. Getting to the point, I believe the canal employees would themselves probably cause the canal to stop operating. Then you would have an adverse reaction as well from Panama.

I believe that instead of coming into the zone with flowers and flags, which I understand to be under consideration by groups of Panamanians, the Panamanians may be coming in with rocks in their hands on October 1, laying claim to those areas that are to be released to Panama under the terms of the treaty, and otherwise expressing their complete opposition to the course of events.

I would also say, since we have been discussing Mr. Castro here earlier today, that such an event would give Castro ample basis to tell Torrijos and other leaders of Latin American countries, "I told you not to trust those gringos."

Mr. BOWEN. So you feel there is no likelihood, then, that Panama would be quite as cooperative as was suggested this morning, and would be delighted to sit down and work out an international arrangement which would, in a sense, dispose of the treaties we are not looking at?

General McAULIFFE. No, sir, I do not. I think it would serve to encourage those more radical elements in the country to seek an early exit of the United States from that area.

Mr. BOWEN. Mr. Chairman, if I might make one further comment, I believe Congressman Dornan of California has certainly given the strongest possible argument for supporting the implementing legislation.

He has pointed out that he simply does not trust Torrijos or the Panama Government to maintain the neutrality and openness of access to the canal to all nations.

I think that, of course, would be a very, very strong argument for passing the implementing legislation and ensuring that the United States of America will run the canal for the next 20 years, and

that we will keep the troops under your command there, and that we will keep our 4,000 trained and skilled personnel there, so we could work out a transition for the year 2000.

We would hope that by the end of the century a different climate might exist in Central America, and one we might contribute to that improved climate through our presence in Panama.

I assume you agree, if we keep our forces in Panama we would have substantially more impact than if we withdrew them and pushed the canal over to Panama?

General MCAULIFFE. There is no question about that. I agree with it entirely.

Mr. HUBBARD. Congressman Wyatt?

Mr. WYATT. Mr. Grove, for my own benefit, what would be the situation at some later point? For example—is there any opportunity at all for Panama to deny the use of the canal to Nicaraguan ships or any other ships?

Also, under what circumstances could that take place?

Mr. GROVE. The only circumstances I could imagine occurring after October 1 when the treaties actually come into effect, and they will come into effect on that day, will amount—would have to occur after the turn of the century, since between now and the end of the century we ourselves are responsible for the operation of the canal and the maintenance of the canal as an open waterway without discrimination to world shipping.

The question that perhaps you are referring to would arise, it seems to me, only after the turn of the century when the canal would have gone to Panama.

But the neutrality treaty would at that time also continue to be in effect, and would have the full force of the treaty. If the Panamanians were at that time, 21 years from now, to deny passage to a Nicaraguan ship, or perhaps the ship of another nation, it seems to me quite evident that they would be in gross violation of a treaty that we had made.

Mr. WYATT. Under the neutrality provision, in essence, we have internationalized the canal; would you say that?

Mr. GROVE. Pardon me?

Mr. WYATT. Was the nature of the treaty that in essence you have internationalized the canal?

Mr. GROVE. Not in the sense in which it was discussed this morning. I do recall the earlier proposal. There was one such proposal considered within the U.S. Government.

It was found that that proposal did not meet our interests well at all, and the present treaty strategy that has led to the treaty that now exists was adopted over any sort of international scheme.

I believe it is certainly correct to say that the canal has been an international waterway since it first opened, and the prospects of its continuing that way are very real indeed.

Mr. WYATT. In regard to the movement of weapons through Panama, would you not assume that at least there is some complicity on the part of the Government of Panama, from what we have been able to see thus far in this hearing, what has been written in the papers, et cetera?

Mr. GROVE. No, sir, I am not in a position to make that assumption at all.

I would note, for example, that the Government of Nicaragua had an opportunity 3 days ago in the Organization of American States to present its case about such matters as arms shipments, which indeed it did, and to accuse in a body where such matters are very appropriately discussed, the Government of Panama of that kind of violation had the government itself been involved

Mr. WYATT. That was not done?

Mr. GROVE. That was not done. In fact, I am not being hypothetical. The Panamanian Ambassador who was present asked the Nicaraguan representative, Sevilla-Sacasa, whether the statements he had made in his opening statement were a formal charge against Panama. Sevilla-Sacasa replied that they were not.

Then to be sure he had heard him correctly, the Panamanian asked him the same question once again, and the response was that this is not a formal charge.

I, for one, would have thought that if there were this kind of complicity, that would have been the forum and the moment to bring it out and to make the kind of charges that could have been made.

Mr. WYATT. In your statement, page 8, you say that the subject matter under discussion today, although important, bears no legal or practical relation to that purpose.

You were talking about the implementing legislation. Should an amendment be offered and adopted ultimately to become part of—and this is a hypothetical—the implementing legislation, to say that if any shipment of arms to Nicaragua or any other country could be traced directly to the Panamanian Government by complicity or whatever, that payment made under the act would be removed. Do you think that would be a violation of the treaty?

Mr. GROVE. I think it would cause us very serious problems with our relations with Panama. I think they would perceive it as an attempt to seriously change the——

Mr. WYATT. Do you believe it would be a change?

Mr. GROVE. Yes; I do.

Mr. WYATT. That kind of language or limitation?

Mr. GROVE. Yes; I do.

Mr. WYATT. Thank you, Mr. Chairman.

Mr. HUBBARD. Thank you.

Congressman Bauman.

Mr. BAUMAN. I want to take this occasion to say thank you, again, to General McAuliffe for his many courtesies to the members of this committee and to me personally.

I had the pleasure of working with him over the years and sitting through two classified briefings. I wish you could be as frank today as you were in those briefings. I think it would probably be of interest, but no one wants to violate the rules that protect our national security.

I would like to ask you a few questions about the testimony earlier. While I was not here, in reply to a question from the chairman, dealing with the testimony of Colonel Thomas that he had seen a number of intelligence reports implicating the Panama Government in activities either against Nicaragua or of a similar nature as those of the subject of this hearing, you replied that you also had seen similar reports.

Is that correct?

General MCAULIFFE. Sir, my response to that was that I have seen, of course, many, many intelligence reports pertaining to Cuba, Panama, all of the countries of the region. I think a specific aspect of that was whether I had seen reports concerning Panamanian involvement in arms, in sending arms to Nicaragua and Cuban sending of arms to Nicaragua, and I admitted to the latter, but that is to say, on the Cuban side, I have seen many reports about the actions of Cubans to try to send arms and personnel, trained personnel, for operations in Nicaragua.

But concerning Panama, I just simply made the point that whereas Colonel Thomas had used the word "Panama involvement," as I remembered it, I wanted to distinguish to say that I was also talking about Panama involvement but not necessarily that the government of Panama is involved.

Mr. BAUMAN. Could you tell us, General, whether or not many things happen in Panama in the way of organizations of international brigades or things of that nature, with at least the government's tacit approval, based on your experience?

General MCAULIFFE. As I indicated in my statement, the Government has given—the Panamanian Government, that is—tacit approval, you might say, and certainly support to the formation of that international brigade.

They did provide use of a training base, and as best we can determine from reading among other things the newspaper reports, they gave them food, shelter, and training, and I guess aid and sustenance.

Mr. BAUMAN. Wasn't that brigade formed with assistance from people especially from Cuba for that purpose, to train them?

General MCAULIFFE. We are not sure, Mr. Congressman. We know that the brigade has had a lot of private support, money and people, and that this came mostly from within Panama, but not entirely from Panama.

There are some Costa Ricans, Colombians, Venezuelans, who have also contributed either personnel or money toward the formation of such a brigade.

Mr. BAUMAN. You are not sure, but you have heard allegations that Cuban involvement in the training of the so-called international—

General MCAULIFFE. We have heard——

Mr. BAUMAN. About Hugo Spadafora, a close personnel friend of Royo from long standing?

General MCAULIFFE. I noticed that relationship in the testimony of the Vice President of the Nicaraguan Congress before this committee yesterday. I do not know Mr. Spadafora. I take it that he is the type of individual who appears to enjoy getting involved in causes such as this.

Mr. BAUMAN. The press said he was headed for Zambia after he was done with Nicaragua.

General MCAULIFFE. From what I have learned about the man, that does not really surprise me. I think that is sort of his inclination. I think he is the sort of individual who probably casts an aura of leadership about him.

However, in a military sense I would question his ability, particularly since I learned a few months back that out in the bush someplace he happened to shoot himself in the hand.

Mr. BAUMAN. So let me ask you: The press reported here in the United States in January that attempts were made, and apparently successfully, by the State Department and the military to dissuade General Torrijos from sending Panamanian troops, or an official delegation of military forces, in January or December of this year to assist the Sandinistas.

Can you tell us anything about that? Was there any such attempt made to dissuade them? Was it necessary?

General McAULIFFE. No, sir, I cannot. I believe that that would have to come through State Department representatives or perhaps the Ambassador on the scene.

Mr. BAUMAN. You have no personal knowledge—you saw the report?

General McAULIFFE. I have, yes. I have seen reports to this effect, yes.

Mr. BAUMAN. Does the State Department have any comment on the accuracy of those reports?

Mr. GROVE. I don't specifically recall those reports, Mr. Congressman.

When it comes to the movement of troops, I quite honestly do not. That would have been during the mediation process, if it would have been—it would have been in the last month of the mediation.

Mr. BAUMAN. The reports were that the United States had intervened, our Ambassador with the General personally, to dissuade him from assisting the Sandinistas in Nicaragua.

Mr. GROVE. I do not recall that.

Mr. BAUMAN. Do you have knowledge of it?

Mr. GROVE. No.

Mr. BAUMAN. General, can you tell us anything about the report of an Alyushan jet in northern Panama in the last 10 days with troops?

General McAULIFFE. No, sir, I really could not. I have also heard and seen indications, you might say, of rumors to this effect, but I am afraid I cannot comment on that here.

Mr. BAUMAN. You heard the testimony this morning or early this afternoon of General Sumner. Do you in general agree with his assessment of the situation as it pertains to General Torrijos' attitude toward the Sandinistas in Nicaragua?

General McAULIFFE. I would have to say, not entirely, sir.

There is no doubt, as I stated in my opening statement, that Torrijos appears to be dedicated to the removal of Somoza, President Somoza, from Nicaragua. General Sumner refers to a conversation that he had with General Torrijos back in November of 1977 in which Torrijos had indicated rather strongly in his statement—in his comment at the time, that he was supportive of the Sandinistas.

It has been my conclusion from talks with General Torrijos and with many other Panamanians that the objective on the part of these Panamanians is not so much supporting the Sandinistas as it

is supporting a group that is dedicated to the removal of Somoza from Nicaragua.

As a matter of fact, if I may state this, as a result of one of our conversations, General Torrijos had indicated very strongly his appreciation for the fact that there are varying shades of views within the Sandinista movement, and some are, as we know, very hard-core Communists, Cuban trained, dedicated Marxists, and there are some elements within the Sandinista group that many would refer to as a little more moderate in their thinking, not Communists and not Marxists.

But the point is that Torrijos has often said to me that he doesn't want a Communist government in Nicaragua any more than any other leader in that region would want that.

But what I think he is trying to do is support what he perceives to be some of the more moderate elements within the Sandinista cause. And getting back to my own basic line of thinking about this, he is doing this as a means of supporting a group that is opposing Somoza and that—if you pardon the rather strained logic—that is what I think Torrijos is after.

And it is somewhat different from the testimony presented here today by General Sumner.

Mr. BAUMAN. I was not aware that General Somoza was such a dedicated anti-Communist. There aren't any other Communists in the Panamanian Government, are there?

General McAULIFFE. There are certainly some sympathizers of the Communist cause in the Panamanian Government.

Mr. HUBBARD. Mr. Hughes?

Mr. HUGHES. Thank you.

I appreciate the chairman recognizing me, even though I am not a member of this particular subcommittee.

Thank you, gentlemen, for your testimony. I wasn't here when you testified. I think you did review the status of American troops in the Canal Zone as of October 1.

I wonder if either you or the Secretary can tell us in the event the scenario is a rejection of the implementing treaties, the status of American presence in the Canal Zone should that occur.

General McAULIFFE. If the implementing legislation should not be passed by the Congress by October 1, then in itself that should not necessarily eliminate our U.S. forces in Panama.

It will cause great inconvenience, and I would have to say, a significant loss in operational effectiveness of my forces if we do not have the implementing legislation to carry out the functional transfers and other operational conditions implicit in the transfer of land and installations to Panama that will take place on October 1.

You see, we will lose portions of two active military bases on October 1, whether there is implementing legislation or not.

Without implementing legislation, I have a problem as to where I put and how I accommodate the military units that are dislocated because of those releases of land to Panama.

That is, I might say, the situation as would affect the support and welfare of the troops.

Concerning the military situation, it would be much more serious. I believe we would be faced with a likely shutdown of the

canal because the canal operating employees, both American and Panamanian, would have no basis for being paid, and the other privileges which were carefully worked out for them would not be there.

And then we would have a hostile Panama feeling as though they had been betrayed by the United States.

I think the mood of the country would be such as to encourage some adverse actions against the United States and the installations in the canal area.

Mr. HUGHES. As of October 1, the Panama canal Company goes out of existence?

General McAULIFFE. That is correct.

Mr. HUGHES. Who would be in a position to set rates for the canal?

General McAULIFFE. The treaty specifically prohibits the Canal Zone Government and the Panama Canal Company from operating in Panama, as of midnight on September 30.

The treaty only states that an appropriate entity will be established to run the canal, and that we will have Panamanian representation in it. So it is up to the implementing legislation to lay out the structure of the organization that would run the canal and provide a basis, an authorization, so to speak, for the hiring and paying of employees.

Mr. HUGHES. Aside from the administrative questions that will have to be resolved with regard to the setting of rates and the paying of salaries and all of the other things that go into operating the canal, what would be the posture of the decisionmaking with regard to the defense of the canal at that time?

As I understand it, under the implementing legislation we would be setting up a commission that would indeed be making those decisions.

Where does that leave us on October 1 insofar as decisionmaking, insofar as defending the canal?

General McAULIFFE. Mr. Congressman, I expect, the good Lord willing, I shall be there October 1, and I can assert that I shall have ample authority to defend the canal through that period and will do it unilaterally if we do not have the cooperation of the Panamanian forces.

I may be defending a nonoperating canal, but I can indeed use my forces. The use of those forces is not constrained under these circumstances.

I can use the forces to defend the canal and to protect U.S. installations and U.S. citizens, if necessary.

Mr. HUGHES. I thank you, because I was not one of the early supporters of the Canal Treaty. I would not have, in all probability, voted for them in the form in which they were finally accepted.

But I find we are in a different posture now, and it would seem to me the options are not very attractive if we reject the implementing legislation.

From what you have described to me there are not many options open to our country other than to implementing the Canal Treaty so that we can protect our interests in the canal, including the employees' interests, and national defense interests.

Is that what you are saying?

General MCAULIFFE. That is very much what I am saying. I will have to say, and to reassure the members of this committee, that we are enjoying a great deal of cooperation and assistance and you might say harmony on the part of Panama in that area right now. This has been the case since the ratification of the treaty, and it is much different, almost 180 degrees or so, from the situation that I have faced down there over the past—over the previous 3 years. I have been there just a month short of 4 years. It has been my contention all along that the treaties were designed to enhance the security, and our use of the canal.

I believe that by eliciting the cooperation and the active participation of Panama, and I believe that with an acceptable implementing bill we can achieve that objective, indeed we would face a promising situation in Panama rather the bleak one that seems to come out of the comments that I have heard recently.

Mr. HUGHES. Thank you.

Mr. GROVE. I would like to fully associate myself with the views that General McAuliffe has expressed.

Mr. HUBBARD. Thank you.

Mr. Carney?

Mr. CARNEY. Thank you, Mr. Chairman.

General McAuliffe, I rose to the rank of corporal in the Army, and I am used to yes and no answers. I am wondering if a general can answer yes and no questions. I would like to ask you to do that. If I remember, I always had to answer yes or no to officers.

I would like to know, so I know clearly in my mind, when you went to Nicaragua, did you ask for the resignation of Somoza?

General MCAULIFFE. No, sir, I did not.

Mr. CARNEY. Did the Ambassador ask—

General MCAULIFFE. Not in my presence, and I want to say again, though, that there is implicit—or there was implicit in this process of the plebiscite that was then under active consideration, the premise that President Somoza would resign earlier than the end of his tour.

Mr. CARNEY. General, were you accompanying Ambassador Moss on the evening when he sought to persuade the General from breaking relations with Nicaragua?

General MCAULIFFE. No, sir, I was not.

Mr. CARNEY. The question was asked of you if the Russian-made plane that was alluded to yesterday in testimony—and I am not sure if you did not answer that for security reasons, or the fact that—

General MCAULIFFE. It is for security reasons.

Mr. CARNEY. In other words, you cannot answer that question solely on security?

General MCAULIFFE. In this open session.

Mr. CARNEY. I can appreciate that very much. It was just not clear to me.

General MCAULIFFE. I will have to say that almost any time you go to Tocumen Airport, you are bound to see a Cuban aircraft, because Cubana Airline flies into Panama several times a week. Concerning a specific flight, at a specific time, for a specific purpose, I would not be able to address that in this session.

Mr. CARNEY. I can appreciate that. You did say something in essence, and I did not get the quote down fast enough, but you said that when you went to visit with General Somoza you explained to him the military's position in this situation. Is it the normal process for the U.S. Army to take sides in international politics?

General McAULIFFE. No, sir.

Mr. CARNEY. Then why would you explain the military's position?

General McAULIFFE. The military has had such a long involvement in Nicaragua, the U.S. military, and with General Somoza, that we thought, since President Somoza, General and President Somoza, had raised many questions at that time about the plebiscite process, and appeared to indicate to some people who had heard him talk that the U.S. military really was not supporting the plebiscite, when we heard those kind of comments, and I believe there was at least one, maybe more news articles written to that effect, coming out of Nicaragua at that time, then it was thought advisable to let him know that we on the military side, on the Defense Department side, also supported the concept of a plebiscite as a means of trying to salvage a moderate alternative to the Sandinistas. I will have to tell you that I do not want to see a Sandinista victory, and a Communist victory in Nicaragua, any more than any other individual who is familiar with that region.

I believe that it would have been possible if that plebiscite or something like that was permitted to go forward to where you would have emerging something between Somoza and the Sandinistas, but unfortunately it did not occur.

Mr. CARNEY. When you say "we in the military," are you referring to the Joint Chiefs?

General McAULIFFE. Yes.

Mr. CARNEY. And they briefed you prior to your going down there?

General McAULIFFE. No, sir. If there is any briefing, it is usually I am briefing them.

Mr. CARNEY. And yet you made the assumption that that is how the Joint Chiefs felt?

General McAULIFFE. This matter was fully reviewed prior to my going—adequately reviewed within the Defense Department before I went to Nicaragua.

Mr. CARNEY. Do you think that the Panama Canal would be destroyed by the Panamanian Government if we do not implement the legislation?

General McAULIFFE. No, sir, I do not, because I think that I have force enough, and I could call on more forces to keep it from being destroyed. I do believe that there will be rather extensive civil disturbances, perhaps leading to attempts at sabotage and the like against the canal, to disrupt its operation, and to let us know, and perhaps the world know, that Panama is not at all happy with the outcome.

Mr. CARNEY. Do we train, in any way, shape or form, the Guardia Nacional?

General McAULIFFE. Yes; we do.

Mr. CARNEY. Does the Guardia Nacional get involved in the training of these so-called civilian groups that are being put together to go into Nicaragua?

General McAULIFFE. Yes. I touched on that in my statement, Mr. Congressman. As a matter of fact, the group, I guess soon after its formation, went to one of the training bases in Panama, and was there, to the best of my recollection, for several weeks, if not a couple of months, presumably in training.

Mr. CARNEY. Were they in there training in the humanitarian nature of the Panamanian support for FSLN, or moral support? Do you think that is the type of training they took?

General McAULIFFE. I think I would put that in the category of moral support because, as I have indicated, I believe the brigade itself, it never has been very large in number, from what I have been able to judge from reports emanating from individuals who were in the brigade and others familiar with it, has never been what I would call a competent military force. So it becomes a symbol, I think, of support to the FSLN.

Mr. CARNEY. You did say in your testimony that four members of the Brigade were killed in Nicaragua?

General McAULIFFE. Correct.

Mr. CARNEY. And that those members, I could assume, might have been trained by the Guardia Nacional, since they are training the brigade, and we in turn trained the Guardia Nacional?

General McAULIFFE. We have trained many Guardia Nacional individuals. We do not train the entire force. Please let me explain that many officers of the Guardia Nacional have gone to our schools in the Canal Zone. We used to, and we fortunately have been able to pick this up again, have military training exercises with the Guardia Nacional, which in itself is a means of training the units. But I am talking about the tactical side of the Guardia Nacional, which is about one-quarter of the force. The other three-quarters is a police force, and we do not train that.

Mr. CARNEY. I think what I was trying to pick up is the word that my colleague from California was concerned about, and that was linkage. I think we just built a link with the U.S. military training the Panamanian military, who in turn have been training the brigade, who in turn lost men in Nicaragua. That is the linkage I would like to establish, and I thank you for your answer.

I have a question of Mr. Grove. Mr. Grove, have representatives of the American State Department ever met with representatives of the Sandinista movement?

Mr. GROVE. No.

Mr. CARNEY. Is there any evidence that the Sandinista movement is a Marxist-Leninist, or Communist group?

Mr. GROVE. Yes, I think there is. It has at least three main factions to it. There are considerable differences, as best we can ascertain, as between the factions. Two of them have been mentioned already earlier, that are very distinctly Marxist-Leninist, and I would say quite far on the left. The largest of the three factions, the Tercario, is to some extent perhaps even strongly influenced by Marxist thought, although I think there is a degree of variation, and when you look at the three, the larger one is less Marxist-oriented than the two smaller ones.

Mr. CARNEY. Were you ever in the accompaniment of Ambassador Moss when he perhaps sought to dissuade General Torrijos from breaking relations with Nicaragua?

Mr. GROVE. No, sir.

Mr. HUBBARD. Congressman, I will pass over Congressman Lowry for a question by Congressman Bowen.

Mr. BOWEN. Before we go, I would like to pursue a line of questioning that the gentleman from New Jersey, Mr. Hughes, had taken up, in which you described the immediate chaos and disorder that would ensue if we do not pass the implementing legislation. I am sure that you also realize there is a possibility, in fact, a likelihood, in diplomatic and legal channels that Panama would conclude as a result of the nonimplementation on our part of the treaties, that they would then take the step of declaring the treaties to be terminated. Then our President would have to make the decision at that point whether or not he would ask you to bring the troops home.

He would have to make a decision to withdraw American military and civilian personnel, or actually face the possibility of a military confrontation with Panama. I am sure you are aware of that logical conclusion of nonimplementation of the legislation.

General McAULIFFE. Yes, sir. That is an entirely possible scenario that could ensue.

Mr. BOWEN. And in fact leaders of Panama have indicated that to be the case, that they would ask for termination if we do not pass the implementing legislation. As you pointed out, after October 1 we would have to have the treaties to remain in Panama, and if they are terminated, there is a grave likelihood we will have to bring our forces home. I think that will be very tragic. But I think it is a real likelihood if we do not pass the implementing legislation.

I gather you agree with that?

General McAULIFFE. That is certainly very possible, and there are perhaps even some variations on that scenario that one could speculate about.

Mr. HUBBARD. Excuse me, General. Forgive me. Those of us without tennis shoes have to go to the House floor, and we have only 5 minutes left. We will come right back and pick up where we left off.

We are in recess for a vote.

[Short recess.]

Mr. HUBBARD. The subcommittee will now come to order.

In all fairness to General McAuliffe, we interrupted you during your statement, for the vote.

Mr. BOWEN. Let me restate it. We will finish this up quickly. I had asked you if you agreed with my observation that if we failed to perform certain obligations spelled out in the treaties, for example, if we fail to pass the implementing legislation, therefore failing to establish the Panama Canal Commission, or failing to make the property transfer, or some other commitment that we had, that Panama would then, going beyond that initial period of disorder, chaos, and possible violence that you have described, would be justified under international law in declaring the treaties terminated, null and void, and we would then face the very diffi-

cult decision, one to be made by the President, of exactly how we would respond to that. Am I correct in stating that? Do you agree with that premise?

General MCAULIFFE. Yes, sir, I do. I would like to relate that a little bit to the answer I gave to Congressman Hughes. I do believe that the turbulence and possible violence accompanied by a possible closedown of the canal, would occur right at the beginning. But then, as you suggest, sir, if the Panamanians determine that we are not delivering on certain of the provisions of the treaties, the transfer of their railroad, and the port, and many other things, then of course they would have ample right to declare the treaties null and void, and there would have to be some very basic decisions made on the part of the U.S. Government as to what we would do with respect to our American citizen employees there, what we do with our military forces, and also the equipment, and facilities that we have. I will have to say that the reason for the uncertainty at that stage would be that we could not fall back on the provisions of the original 1903 treaty because it ceases to exist when this new treaty goes into effect.

Mr. BOWEN. On October 1?

General MCAULIFFE. On October 1.

Mr. BOWEN. And therefore, although you did——

General MCAULIFFE. So in effect we are denied the legal basis for staying there.

Mr. BOWEN. And you stated that you would do your best to defend the canal, if instructed to do so, but you have agreed really if Panama took that action based upon noncompliance with the treaty on our part, the President then would have to make a decision as to whether to withdraw American personnel, or whether to attempt to confront Panama, which would undoubtedly bring about very tragic resort to violence, I rather suspect.

As you pointed out, that would create the worst of all worlds for us, because we would then face the shutdown of the canal.

I talked with one or two members as we were going to the floor to vote on this issue, and there was some doubt as to whether or not there was a capability of shutting down the operations in the canal. You said you could defend it physically from conquest, but if someone were to sit back in the hill and lob mortars in to scatter the personnel, or if they wanted to sink ships in the approaches, it could conceivably be years before you get the thing going.

Would you comment again on what is likely to happen to the actual operation of the canal in a situation of military confrontation?

General MCAULIFFE. I think that the operation of the canal itself would be jeopardized under such a scenario, because for one thing, we could never be sure as to whether the Panamanian employees, on which the operation depends, whether they would be, let us say, permitted to come in and continue to run the canal. Many employees, American and Panamanian, would elect not to stay there if they thought that there was some physical danger involved.

If there were some acts of terrorism, an occasional bomb going off, an occasional mortar round being thrown in some of these areas where there are high concentrations of employees, you would

only need to do that a few times a week and you would keep that canal in a state of stagnation indefinitely.

Mr. BOWEN. Am I correct, or perhaps I should ask Mr. Grove, is there is a linkage between the two treaties, if we violate one of the treaties—if one of the treaties is terminated, is the other one terminated also? What is the linkage between the two treaties?

Mr. GROVE. We have an expert witness in the room, in the person of Michael Kosak, who can answer precisely those questions, and may I ask him to reply to that?

Mr. HUBBARD. I have no objection, except I would remind Congressman Bowen—

Mr. BOWEN. Just one question.

Mr. HUBBARD. We were on somebody else's time, right before we went for the rollcall.

Please state your name?

Mr. KOZAK. Michael Kozak. I am the State Department Legal Adviser for Inter-American Affairs, and I will try to keep it brief.

The answer, as regards the two treaties, is that we are linked with respect to their entry into force. One is not entered into force without the other. So they would both go into force together. The termination of the Panama Canal Treaty would not affect the termination of the Neutrality Treaty, unless the breach that was in question was one that went to our obligations under both treaties. It would depend on the particular nature and circumstances, but you certainly would have the type of scenario that has been discussed, that would involve primarily a violation of the Panama Canal Treaty, which would be the basis for right to operate the canal, and the basis for our right to remain in Panama.

Mr. HUBBARD. Thank you for that answer.

Congressman Wyatt?

Mr. WYATT. Did I understand you to say that there were, in essence, two treaties, the Neutrality Treaty and the Treaty of the Panama Canal? If those became effective on October 1 are the other treaties abrogated at that point, or terminated?

Mr. KOZAK. There are two new treaties, the Panama Canal Treaty of 1977 and the Neutrality treaty of 1977. Those are the two that enter into force together on October 1. At that time the Panama Canal Treaty in force there will terminate the past treaties, the treaty of 1903, the treaty of 1936, and the treaty of 1955. So you will lose those old treaties, and then the two new ones come into force together, and continue on from October 1.

Mr. WYATT. You lose the 1903, the 1936, and the treaty of 1955?

Mr. KOZAK. Yes.

Mr. WYATT. The treaty of 1903, 1936, and 1955 are abrogated?

Mr. KOZAK. Yes, and terminated and superseded are the words used. That means as a result that moment they are gone. They are no longer in existence, and it is as if they had never been in effect.

Mr. WYATT. Thank you.

Mr. HUBBARD. We are skipping around out of line. I will call on Congressman Bauman and then Congressman Hansen.

Mr. BAUMAN. I want to direct a question to you. I listened to your statement very carefully, as I listened to Mr. Atwood's statement yesterday.

While I disagree with much of what you said, I want to commend you for a very fine statement, as compared to the impudent, arrogant witness we had yesterday, the most impudent and arrogant witness I have had before any committee. In fact, he was insulting to the committee in what he said.

Mr. GROVE. I am surprised to hear that.

Mr. BAUMAN. I think I conveyed that feeling to him yesterday. I still feel that way, after rereading his testimony.

I read through your testimony, because I have used a press dispatch which says that the State Department today released a 16-page report contributing the violence in Nicaragua, not to gun-running through Panama, but to the dictatorial leadership of Anastasio Somoza's administration.

Reading further, Hodding Carter issued his own blast, for the record, in which he said the two questions should not be tied together, and said the problem arises primarily because of the forces and the political situation in Nicaragua.

Did you say anything in your statement about this 16-page report?

Mr. GROVE. No. I wonder whether that is not the statement of Ambassador Bowdler—Ambassador McGee's presentation that he released on Monday in the Organization of American States—or the Department of State released as part of Ambassador McGee's presentation. It is quite possible that that is the document referred to. It is not my testimony that is referred to.

I have been away, but it could well be that the report of the Ambassador is what is referred to, which I believe in its summary is 16 pages, could be what that is referring to.

Mr. BAUMAN. The dispatch says that Mr. Carter attacked the inviting of a high foreign dignitary to testify before a congressional committee, a procedure which he said had few precedents on Capitol Hill, and then went on to issue the 16-page report.

It appears from this story that these were conjunctive actions. I wonder what the hell is going on down there. We are holding a hearing, trying to find out what a constitutionally elected government is doing, and then it is attacked. One of the aggressors seems to be Panama, or at least in some way implicated, and your Department issues a report criticizing Nicaragua.

Have you heard of the human rights violations in Panama, in which they are literally—have you ever seen the OAS report on human rights violations in Panama? Whose side are you folks on?

Mr. GROVE. First of all, let me say that I am certainly with you. I do not know what happened in the Department, because I have been here all day today. I am sorry I cannot answer the question any better. I do not recognize the 16-page report, if it is not the—

Mr. BAUMAN. I think it is unfortunate that they send you up here to testify, and not tell you that they were going to issue this report while you were present here testifying. It seems to me someone would have told you.

I assume UPI would get the story right. The State Department attacking Nicaragua at a time when that country is being undermined by Panama. That is a magnificent arrangement of events that is worthy of the Nixon administration.

I would like to know whether this is the case. Apparently Mr. Grove does not know. As usual we get this in the mail 2 weeks later.

Mr. GROVE. I will provide the committee a response to the 16-page document. I am sorry I do not know what it is.

Mr. DORNAN. Do you have any time left? Were phone calls made to the Department, or downtown today—the general said he was on a telephone call out there before? I know with the weight of responsibility that you are both obviously feeling it seems to me you would be remiss if you were not in touch with your offices, and the White House is certainly watching what is going on.

May I ask a direct question? This is an open hearing, at taxpayers' expense. Have either of you called to report on what is going on?

Mr. GROVE. I have not.

General MCAULIFFE. No, sir.

Mr. DORNAN. That is surprising.

Mr. GROVE. Let me say, if I may, were there some document in preparation of 16 pages dealing with the Nicaraguan situation, in the Department of State, I would have known about it. I would have been involved in it. It would not have been done this morning between breakfast and lunch. I have not been involved in any such document, the preparation of such a document, which leads me to think there is an element of confusion.

Mr. BAUMAN. United Press International is not more given than any other journalists to incorrect stories. Mr. Hodding Carter is a well-known figure at the State Department and the statements stand for themselves. I think it is unfortunate they do not inform you when they are trying to sabotage Nicaragua when they send you up here to testify. It is inconceivable. Not that it has anything to do with the Panama Canal treaties, of course.

Mr. HUBBARD. Mr. Hansen.

Mr. HANSEN. I received that same UPI report earlier in the day so I do not think it is a misprint for the benefit of the gentleman from Maryland.

I would like to ask you, General McAuliffe, and before I do, I would like to say I would like to thank you for you have indeed been a fine host. You have been very open about getting me around to see what I wanted to see, and I guess in closed briefings and so forth, you have been very candid, more candid than you are able to be here today.

I would like to ask you some background questions.

Are you a lawyer?

General MCAULIFFE. A lawyer?

Mr. HANSEN. Yes.

General MCAULIFFE. No, sir.

Mr. HANSEN. Have you a crystal ball?

General MCAULIFFE. No, sir.

Mr. HANSEN. Have you talked to the President personally?

General MCAULIFFE. Yes; I have.

Mr. HANSEN. Regarding his intentions in case the treaties are not implemented?

General MCAULIFFE. No, sir, I have not.

Mr. HANSEN. I guess I would like to know how you can predict with such certainty what will happen when there is so many constitutional lawyers who say the House of Representatives is a free agent. We have the right to implement the treaties or not to implement them to some degree that we feel. You can sit here like other people have tried to do and tell us we are held hostage to a course certain and designed by the President and the Senate of the United States? Are you trying to tell us that is what we are married to? That we have no options?

General MCAULIFFE. I do not have a crystal ball, but I believe I have a pretty good feeling as to how many people feel in Panama and I might add some of the other countries of Latin America. This represents my judgment of a very likely occurrence.

Mr. HANSEN. I would like to ask the general if you feel that catering to one case of blackmail will get us off later? For instance, if we pass it by the Panamanians, later does this mean that this marriage we are asking for is going to be better tomorrow or the next day from the excesses that we go to?

General MCAULIFFE. I do believe that we will have a better cooperation from the Panamanians on the operation and security of the canal.

Mr. HANSEN. I would like to interrupt you.

How can you have—I hope it would be better because right now you do not even seem to know as the commander of the Southern Command what is going on in your own bailiwick as far as gunrunning is concerned or a number of other things that are happening, and more than that, I do not see any indignation on your part or the part of the gentleman from the State Department about what is going on as stated by the Congressman from Maryland a minute ago. Instead, we seem to be holding to the fact that Nicaragua is having difficulty controlling its internal affairs. But no one talks about people manufacturing contraband and selling it illegally in the United States and outside the United States and so forth.

I get very tired of us comparing Panama to Nicaragua. Nicaragua is not at stake. We are talking about Panama whose behavior is related to the treaties.

I would like to suggest to the gentleman from Mississippi, who seems to be concerned about what would happen if we do not pass the treaties, that if Panama has violated the treaties, and I think you have to read the treaty which states that there is an obligation on the part of Panama to maintain itself so there is no retaliation. And Panama obviously is behaving so there would be retaliation, how in the world can you as long as there is behavior like this, say you are not going to have trouble in Panama?

We could lose the zone. Not only that, but we would have to confront Panama and all the enemies of Panama instigating or dumping bombs in the canal. It seems you are not asking for one problem but a whole host of problems.

Have you given that some thought?

General MCAULIFFE. I have given it a lot of thought, Mr. Congressman, and I believe that to have Panama as a partner and a responsible partner in running that canal is going to be beneficial and going to help keep that canal open.

Mr. HANSEN. You say responsible. Is this responsible, gunrunning, subverting governments of other nations?

General McAULIFFE. If those charges are true and proved, then obviously some action has to be taken.

Mr. HANSEN. I would like to stop you right there. I am sorry to interrupt you, but we have a clock to play with.

I would like to ask you, you said something about this may be individual actions by people in Panama. Do you consider these individuals when it is in U.S. court records that state there were orders given by the Panamanian Government to them that these gunrunnings should occur? This is in the court records. It is stated by people who have been part of the Panamanian operation. We have had a witness of equal ranking to you, General, retired, sitting here saying that he has knowledge of the intent of General Torrijos that he was going to blow this thing up. We know that Wittgreen, and I do not care what anybody says, when these guys are engaged in front operations for their governments, you cannot say it is not part of the responsibility of the Government of Panama. And you can sit there and say it is an individual action. I do not understand.

It seems you have been sitting too close to the State Department. Do you care to defend yourself? I will let you do this.

General McAULIFFE. I will just have to say that I believe that the allegations of the Panamanian complicity, government complicity, that can be drawn from those indictments have yet to be proved and certainly not yet proved in a court of law.

Mr. HANSEN. This is not a court of law.

General McAULIFFE. I understand that, sir. And I do not want to say anything here that might otherwise react adversely on that case. But let me say again that it is not as though I am ignoring those rumors and allegations. It is not as though I am not expressing in the appropriate channels my own concern about these kinds of things and the indicators that seem to be coming our way.

But it is to say that when I have seen Panama working with us in a common cause as Panama would be in the case of carrying out the treaty obligations in running that canal, and you can say it is in their interest as much as it is in ours to run that canal efficiently and safely, then I say they will do it and I am willing to bank on that.

Mr. HANSEN. I would like to say this, that the thinking that everyone has been predicating on is—if they are not implemented, based on the fact that supposedly the treaties will go into effect and the United States were to say that there has been action which has been taken by Panama which has made the treaties impossible to go into force, which this is what we are developing right here about the gunrunning, the possibility of allowing the treaties to go into force, if the United States wants to renounce the treaties on the basis that Panama has broken them, then we are not obligated—the law goes on. You can defend the Canal Zone. You can keep the zone. All things remain equal.

Is this not correct?

General McAULIFFE. I do not think after October 1 things are in any way going to be the same as—

Mr. HANSEN. If we declare the treaties null and void because Panama has violated everything going on before—because the treaties do not supersede anything. Is that not correct?

General McAULIFFE. No, sir. Because there would be no violation of the treaty before it goes into effect, and once it goes into effect, the old treaty is automatically canceled—

Mr. HANSEN. But if the conditions for a treaty to go into effect are so violated that it—will not allow them to go into effect, such things as the neutrality and we decide those cannot go into effect, then things would remain as they are.

Is that not correct?

That would be a political decision by this country. We have been putting the burden on the United States all along, that we have to be the honorable ones. Where is the honor that we demand from Panama?

Mr. HUBBARD. Let me please ask these remaining few questions and then I will ask if other members or visiting Congressmen have a last few questions. We will try to expedite this. We have only one more witness following these two gentlemen who have been so patient and willing to try to answer our questions.

Let me ask you both this. Do you have any information as to whether the Tri-Continental Conference held in Havana, Cuba, in 1966 set the blueprint for takeovers in Latin America and elsewhere?

Mr. GROVE. I am sorry, I will have to provide an answer to that question.

[The information follows:]

TRI-CONTINENTAL CONFERENCE

The "Tri-Continental Conference", held in Havana in 1966, was made up of delegations from Communist governments, Communist parties and other leftist movements from various countries and several "national liberation movements". Various resolutions calling for struggle against "reactionary" governments were passed at that Conference, but there is little evidence to suggest serious efforts were made to translate these into action. Indeed, it was subsequent to the Congress that Cuba began to shift away from export of revolution as a policy and armed struggle as a tactic, except in a few select countries such as Nicaragua where the governments are considered to be so repressive and unpopular that Cuba would not be interested in diplomatic relations.

Mr. HUBBARD. Did you or the State Department—you have no information as to the Tri-Continental Conference?

Mr. GROVE. Without having personal knowledge of that, I would not attempt to answer. I will be glad to take the question and provide an answer to you.

Mr. HUBBARD. Would you?

The question was again, General McAuliffe—

General McAULIFFE. I cannot answer it.

Mr. HUBBARD. If the State Department would provide an answer to that.

Do you have any information as to whether the Tri-Continental Conference held in Havana, Cuba, in 1976, set the blueprint for future takeovers of governments in Latin America and elsewhere?

Second, is it not correct that the so-called People's Solidarity Movement, headquartered in Havana, Cuba, is an important tie with the Sandinista front?