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# Short Term Political Prospects in Panama

Submitted by

Richard Helms

Acting DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the

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Authenticated:

James A. Lay, Jr.  
EXECUTIVE SECRETARY, USIB

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*The following intelligence organizations participated in the preparation of this estimate:*

The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, and the NSA.

*Concurring:*

Dr. R. Jack Smith, for Deputy Director of Central Intelligence

Mr. Thomas L. Hughes, The Director of Intelligence and Research, Department of State

Lieutenant General Joseph F. Carroll, USAF, Director, Defense Intelligence Agency

Dr. Louis W. Tordella, for Director of the National Security Agency

*Abstaining:*

Mr. Howard C. Brown, Jr., Assistant General Manager for Administration, Atomic Energy Commission, and Mr. William C. Sullivan, Assistant Director, Federal Bureau of Investigation, the subject being outside of their jurisdiction.

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## SHORT TERM POLITICAL PROSPECTS IN PANAMA

### THE PROBLEM

To examine the political prospects in Panama over the next six months or so, and to evaluate likely successors if President Robles were to be removed.

### CONCLUSION

The Robles administration will probably survive the period of this estimate. If it does not, the likely alternative governments—either a less popular oligarchic grouping or the unpredictable, demagogic Arnulfo Arias—would almost certainly be more difficult in dealings with the US and probably no more successful than Robles in accomplishing needed reforms in Panama.

### DISCUSSION

#### I. BACKGROUND

1. Most Panamanians feel that the US has special obligations to Panama. The Canal and the Canal Zone have long dominated Panamanian politics, the Panamanian economy, and US-Panamanian relations.<sup>1</sup> The country's elite groups, in particular, have benefited from the US-Panamanian relationship. Nevertheless, they have not scrupled to make political capital from nationalistic resentment of US control of the Canal and the Canal Zone and to blame glaring inequities in living standards on US "exploitation." The oligarchy's control of

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<sup>1</sup> Panama occupies some 29,000 square miles, only 30 percent of which is arable land. Its population outside the Canal Zone is over 1.2 million, with an annual rate of increase of about 3.2 percent. About 25 percent live in the terminal cities of the Canal: over 250,000 in Panama City and 65,000 in Colón. The Panamanian population is 70 percent mixed, 14 percent Negro, 9 percent white, and 7 percent Indian and other. The literacy rate is about 80 percent. While the per capita income is relatively high (US\$470), it conceals an extremely uneven distribution of income. The country's most important economic resource is the Canal. The main exports are refined petroleum products, bananas, and shrimp.

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the information media, the political parties, and much of the economy has enabled it to contain pressures for social and economic reforms. In recent years, however, the resentment of the Panamanian masses has been exploited by Castroites, Communists, ultranationalists, and the ambitious Arnulfo Arias. Twice ousted from the presidency, Arias is laying the groundwork for a return to power by arousing the masses against the oligarchy.

## II. PRESENT SITUATION

### The Robles Administration

2. President Marco Robles assumed office in October 1964 under inauspicious circumstances. As the candidate of an eight-party coalition, he secured only 41 percent of the vote in the May 1964 election (according to the official count), defeating Arnulfo Arias by less than 10,000 votes. Robles was able to scrape together a slim majority in the National Assembly by forming a tenuous coalition with parties that had opposed him in the election. Having promised to undertake extensive economic and social reforms, he was confronted with an empty treasury, a budget deficit, serious unemployment, and other fiscal and economic difficulties. Robles also undertook to fulfill his campaign promise to obtain from the US a settlement of the Canal issue acceptable to Panamanians.

3. During his nearly 15 months in office Robles has made some progress on the problems he inherited. Unlike his predecessor, he has acted promptly and effectively to control threats to public order. Considering the realities of Panamanian politics, his appointments to public office have generally been good. As a result there has been some improvement in administration over the performance of his predecessor. Robles has also taken steps to balance the budget and to initiate social and economic programs, including a basic tax reform to provide the necessary funds. His conduct in negotiations with the US has been marked by a reasonable attitude and apparent confidence that Panama will be able to obtain an acceptable settlement. The US has demonstrated its support for Robles diplomatically, as well as with financial and technical aid.

4. The oligarchy, however, had closed ranks behind Robles only to ensure its retention of power and privileges. It soon began to oppose him on specific issues. His tax reform, for example, was considerably watered down in the National Assembly. At the same time, Robles' modest attempts at reform have won for him little if any new support from the lower classes, particularly in the key urban areas, Panama City and Colón. Thus far, he has countered vigorously opposition criticism of his handling of the negotiations with the US.

### The Opposition

5. Panamanian political parties, by and large, are ineffective, personalistic, and relatively short-lived. That of Arnulfo Arias is the Panameñista Party (PP), which is the largest and best organized Panamanian party. As its candidate, Arias secured 38 percent of the votes in the official count of the 1964 presidential election. The PP elected 12 of the 42 members of the National Assembly.

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(Robles' eight-party coalition elected 18, eight of them from his own Liberal Party). Of special significance was Arias' ability to outdraw all opponents in Panama City and Colón.

6. Arias, charging fraud and intimidation, has refused to accept Robles' election. He maintains that Robles will be unable to resolve the problems confronting him and will fall; "the people," Arias claims, will then call him to power. In various ways Arias has been trying to speed Robles' downfall. He has been careful, however, not to engage in direct personal criticism of the US. Nor has Arias sent his followers into the street, probably because he is not yet ready to challenge the administration's security forces and is confident that time is on his side.

7. The Communist Party in Panama, called the Party of the People (PdP), is illegal. It has perhaps 500 members, including some 250 party activists. There is also a rival, pro-Peking, Movement for Reformist Unity (MUR), which may have from 60 to 100 members.<sup>2</sup> There is not only competition and conflict between the PdP and MUR, but also considerable factional conflict within each. Neither has been able to organize either a substantial popular following or a disciplined subversive movement.<sup>3</sup> Both exert, however, a significant influence on anti-US student and nationalist groups. Despite past rebuffs, the PdP probably still hopes to induce the Panameñistas to enter into a popular front with it. The Communists' ability to seize the leadership of the mob in disorderly situations created by others was clearly demonstrated during the January 1964 riots.

#### Security Forces

8. The *Guardia Nacional*, Panama's only uniformed security force, numbers about 4,000 men. It is a disciplined and fairly competent organization, loyal to its long-time commander, Colonel Bolívar Vallarino. Under the Robles administration, which has called it promptly into action as required, the *Guardia* has shown its ability to control civil disorders. In the event of prolonged and widespread disturbances, however, it would probably need substantial outside assistance to maintain control. Vallarino, who has strongly supported the Robles government, has substantial political and economic influence and is closely allied with the oligarchy.

9. There is also a 250-man Department of National Investigations (DENI), analogous to the FBI, which is responsible to the Ministry of the Presidency. It works closely with the *Guardia*, but its investigative capabilities are limited, particularly outside of Panama City and Colón.

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<sup>2</sup>The pro-Castro VAN (Vanguard of National Action), which was conspicuously active in the January 1964 riots, has apparently dissolved. Some members have joined the PdP, others the MUR. Still others remain unaffiliated.

<sup>3</sup>Over 100 Panamanians have received guerrilla and terrorist training in Cuba, the Soviet Bloc, or Communist China. Most of them were sponsored by VAN, some by the PdP. However, no coherent subversive organization based on them appears to exist.

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### III. THE OUTLOOK

10. The Robles government is now in a somewhat stronger position than it was when it took office 15 months ago. This improvement is attributable primarily to Robles' own demonstration of firmness combined with reasonableness in coping with successive threats to public order. We foresee, however, no appreciable further strengthening of his position, at least not until a Canal settlement satisfactory to Panama has been successfully negotiated. Rather, a gradual weakening of his position is likely pending such a settlement.

11. Already Robles has had some difficulty in controlling critical reactions to the slow pace of the Canal negotiations and uncertainty regarding the outcome. The lack of evident progress in negotiations will increase the chances for anti-government demonstrations on 9-11 January, the second anniversary of the 1964 riots. Extremists will certainly seek to exploit popular emotions on that occasion and it will take prompt and effective action by the *Guardia Nacional* to control the situation. We believe that Robles and Vallarino will act promptly and firmly, and that the situation will be effectively controlled.

12. We believe that Robles will remain in power during the limited period of this estimate. Nevertheless, failing evidence of progress toward a satisfactory canal settlement, his position is likely to weaken gradually, not only on that account, but also on account of his inability to make good his promises of economic and social improvement. The two considerations are related, since some longer term investments in the economy are apparently being held up pending a settlement of the Canal issue and consequent reassurance regarding political stability. Moreover, Robles appears to have exhausted his political capabilities in pushing his tax reform through the National Assembly; no further reform measures of any significance are likely to be enacted—at least not unless Robles' hand is greatly strengthened by a successful outcome of the Canal negotiations. Thus the extremists will continue to find opportunities for subversive agitation in the continuing dissatisfactions of the urban poor in Panama City and Colón.

#### Alternatives to Robles

13. If Robles were to die or to be forced to resign before October 1966, a highly unstable situation would ensue. According to the Constitution, he would be temporarily succeeded by Max Delvalle, the First Vice President. However, several strong members of the cabinet would prefer the Second Vice President, Raúl Arango Navarro, and might contrive to push Delvalle aside. In any case, the Constitution would require that a presidential election be held within four months.<sup>4</sup>

14. Neither Delvalle nor Arango would have as much of a political base as Robles now has, nor would either have any appreciable popular support.

<sup>4</sup>The Constitution provides that, if the presidency should become vacant during the second half of the presidential term (in this case after 1 October 1966), the Vice President serves the balance of the term.

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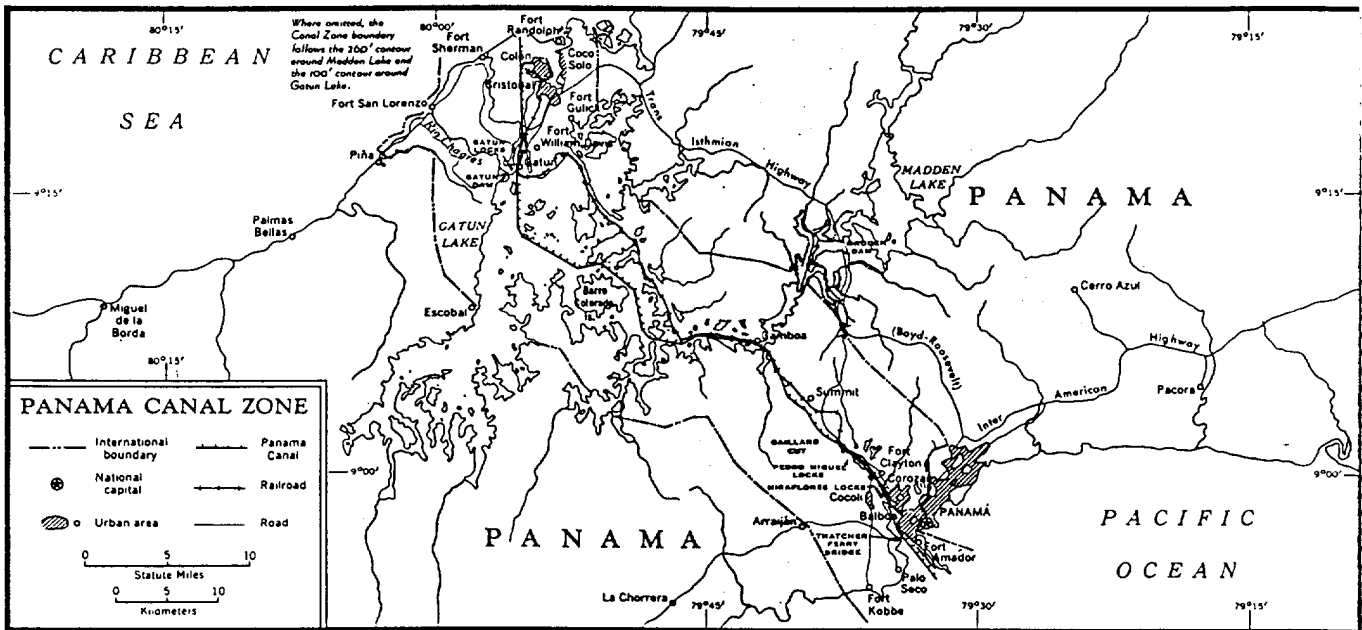
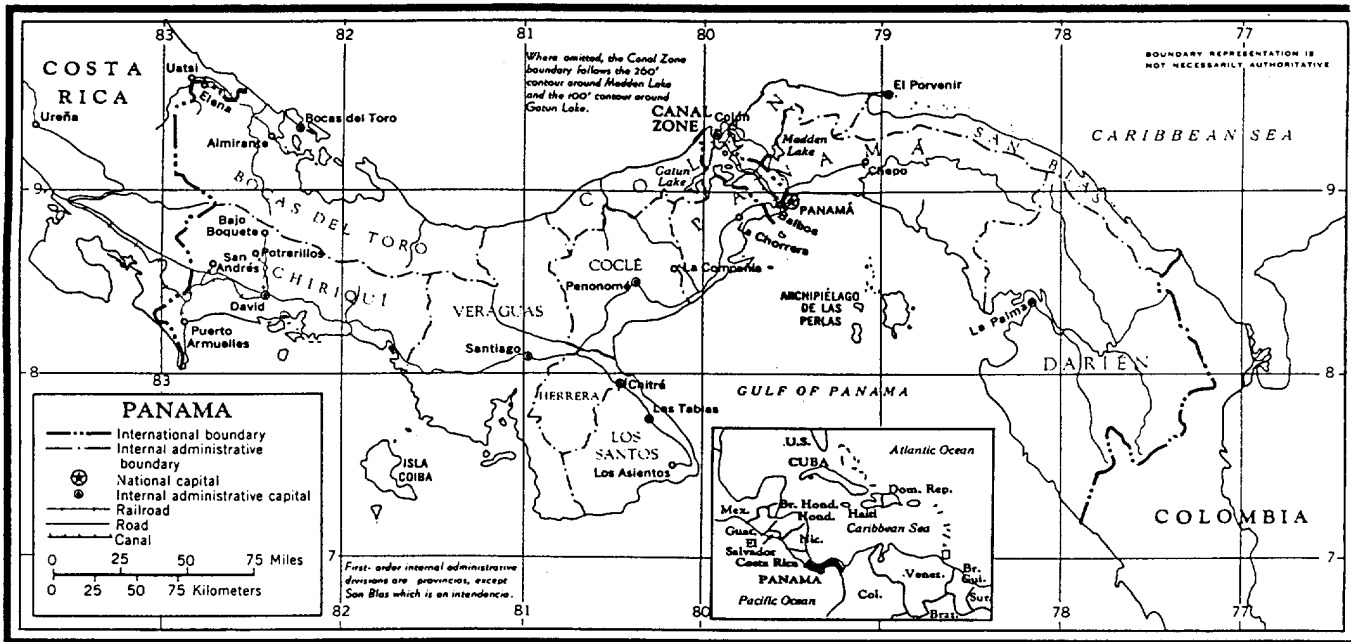
Neither could be expected to take any significant action with respect to either a Canal settlement or social reform within his brief tenure of office.

15. Unless the oligarchical parties were able to unite in support of a single strong candidate, a highly unlikely development, Arnulfo Arias would probably win the required presidential election by too great a margin to be counted out. To prevent the election of Arias, certain strong members of the Cabinet, such as José Bazan, Minister of Government and Justice, Fernando Eleta, Minister of Foreign Relations, or David Samudio, Minister of Finance and Treasury, might seek the support of Vallarino in forming a provisional junta. Vallarino would be reluctant to engage in a coup, but, in these circumstances, could probably be persuaded to back them in order to keep Arias from the presidency.

16. Such a junta, composed of oligarchs, would be highly unpopular. We doubt that it could move more rapidly than Robles has on needed reform programs or that it would be better able to show progress in the negotiations with the US. Thus it too would be faced by public unrest and probably by more of it than Robles has had to cope with. The Communists almost certainly would make new overtures to the Panameñistas, and might have some success. In that event disorders might become increasingly severe, eventually creating a chaotic situation of unpredictable outcome.

17. Arnulfo Arias is unlikely to become President of Panama except through a popular revolution which overwhelmed the *Guardia Nacional*, a development which we regard as highly unlikely within the period of this estimate. We cannot predict what course Arias would follow if he were to become President in such circumstances, but his regime would tend to be autocratic. His two previous attempts at governing (1940-1941 and 1949-1951) were aborted as a result of his abuse of power and Fascist-like tendencies. Arias's anti-US bias is said to have mellowed; he is one of the few prominent Panamanians who urged moderation at the time of the January 1964 riots. However, there is little reason to believe that he would be as cooperative with the US as Robles has been. The circumstances which brought him to power would limit his freedom of action.

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