

ROUTING

217

Top Secret

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday February 12, 1977 CG NIDC 77-035C

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NATIONAL SECURITY INFORMATION
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[redacted] The new foreign minister, former ambassador to the US Gonzalez-Revilla, has long been active in the treaty talks, and the same is true of Torrijos adviser Escobar Bethancourt-- who will apparently assume overall responsibility for the negotiations. Both men are likely to follow Torrijos' instructions to the letter and exercise little initiative. The formal inclusion of businessman Jaime Arias on the treaty team legitimizes the informal supporting role he has been playing.

[redacted] Torrijos' strong belief in the effectiveness of a tough line is buttressed by his tendency to shy away from compromise treaty decisions he fears experienced US negotiators might exploit. To the extent that he feels the US is anxious to conclude negotiations quickly, he will be further inclined to dig in his heels.

[redacted] Panama still faces serious economic and financial problems. Since Torrijos and other high officials recognize that a new treaty remains the only practical answer to the country's problems and since his tough signals are in part an opening negotiating stance, his recent actions do not rule out compromise in the later stages of negotiations. They do, however, point to tough bargaining for the immediate future. [redacted]

EGYPT: Anti-subversion Law

[redacted] The approval this week by Egyptian voters of a tough new anti-subversion law caps off President Sadat's campaign to restore the government's prestige in the wake of violent riots last month. Passage of the new law--which puts into effect harsh penalties for illegal political activity, demonstrations, and tax evasion--may be interpreted by some, however, as a sign of Sadat's weakness.

[redacted] The referendum can be used by the government as public affirmation of Sadat's explanation that leftist and communist agitators fomented last month's riots. Many Egyptians-- especially conservative peasants and wealthy urban dwellers-- no doubt accept this interpretation and, in any case, welcome measures to ensure public security. The new law, coupled with other recent tax reforms, should be popular among lower level government employees and farmers.

[REDACTED]

[REDACTED] Although the severe penalties for disrupting order will have a strong deterrent effect, they almost certainly will foster a more virulent antiregime bias among students and leftists who had become accustomed to greater political liberties. Moreover, even those sympathetic to the government recognize that the new laws are a retreat from Sadat's promises, and their confidence in him has been diminished. [REDACTED]

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