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SNIE 84-1-68
1 November 1968

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SPECIAL NATIONAL INTELLIGENCE ESTIMATE
NUMBER 84-1-68

THE SITUATION IN PANAMA

Submitted by

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Concurred in by the
UNITED STATES INTELLIGENCE BOARD

as indicated overleaf

1 November 1968

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

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Lt. Gen. Marshall S. Carter, the Director, National Security Agency

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Mr. Charles A. Sommer, for the Assistant General Manager, Atomic Energy Commission and Mr. William O. Cregar, for the Assistant Director, Federal Bureau of Investigation, the subject being outside of their jurisdiction.

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CENTRAL INTELLIGENCE AGENCY

1 November 1968

SUBJECT: SNIE 84-1-68: THE SITUATION IN PANAMA

THE PROBLEM

To assess the character and the short-term prospects of the military regime.

CONCLUSIONS

A. Military rule of Panama is likely to continue for some time, perhaps a year. The provisional government, headed by two former colonels, is mainly a front for the leaders of the coup, who are now in command of the Guardia Nacional. But the situation is fluid, and relationships among the new leaders of the Guardia and between the Guardia and the provisional government are subject to a variety of strains.

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B. The Guardia staged the coup of 11 October in order to protect its own position rather than to carry out any specific program for Panama. The new regime has pledged a return to constitutional government via elections, but has not specified any time-table and the procedures it has outlined could cause a considerable delay.

C. It is unlikely that any effective opposition to the new regime will develop over the short term from supporters of Arnulfo Arias, extreme leftists, or the oligarchy. We expect the regime and most of the oligarchs to adjust gradually to each other.

D. Although it is eager to secure recognition by the US, we doubt that the regime would be very responsive to pressure from the US, particularly with respect to a time-table for elections. A prolonged delay in recognition would bruise the feelings of the leaders of the new regime, but they would not be likely, in any case, to encourage blatant anti-Americanism.


E. We doubt that the military regime will act upon the draft Canal treaties which were widely criticized in Panama. The regime, however, might move to open discussions looking toward revised agreements which would be signed and ratified only after constitutional government had been restored.




DISCUSSION

1. On 11 October the Guardia Nacional overthrew the government of Arnulfo Arias, who had taken office on 1 October and was attempting to establish presidential control over Panama's only security force. This marks the third time the Guardia has thrown Arias out of office. Starting with the second deposition in 1951, and continuing until the past year, the Guardia had abstained from direct and forceful intervention in national politics. Its leaders had served as the loyal supporters of successive administrations representing the oligarchy, and had concentrated on using US assistance to improve the professional skills of their forces. In a series of crises preceding and following the presidential election of May 1968, however, the Guardia made it clear once more that it is the final political arbiter in Panama.

2. The coup of 11 October was swift and effective: Arias, the leader of Panama's largest political movement, was not able to rally his supporters and at this point appears to have little or no chance to regain office. So far, no serious threat to the control of the new government has developed from any direction, though in the immediate wake of the coup several protest demonstrations, sporadic minor violence, and some ill-organized resistance by armed





bands along the Costa Rican border did occur. Nonetheless, the situation in Panama remains unsettled. The leaders of the coup probably are themselves uncertain how long they wish to stay in power and what policies they should pursue. And while there is now little overt or organized resistance to the new regime, most groups, including the traditional business and political elites, are unsure as to the best means to protect their interests.

3. After the two previous coups against Arias, the Guardia had quickly turned the reins of government back to the politicians. There is evidence that such was the original intention this time. But the desire of the leaders of the coup to prolong military control of the government has clearly grown stronger over the past couple of weeks. Their announced intention to hold elections and return to civilian rule seems largely motivated by a desire to speed diplomatic recognition from the US and other foreign governments, and to discourage active resistance. They have been vague on the timing of the elections, perhaps because they have not thought the matter through or are divided in their opinions. Of late, their private statements imply a period of military rule of at least a year. In any case, their plan to undertake first a studied revision of electoral procedures would require a considerable delay before elections were held.

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4. The principal architects of the coup, Colonel Torrijos and Lt. Colonels Martínez and Boyd, have established themselves, in effect, as the new leaders of the Guardia; they have also set up a provisional government directed by a junta composed of two former colonels, Pinilla and Urrutia.* The junta has appointed a civilian cabinet composed mostly of men who had not previously been politically prominent. The provisional government is mainly a front for military control. The exact relationship between the junta and the new leaders of the Guardia apparently is not yet settled to the satisfaction of all the men involved. Both Pinilla and Urrutia have probably suffered a loss of prestige within the Guardia because of their indecisiveness during the period immediately preceding the coup. At this point the new leadership of the

* At Arias' insistence, General Vallarino, longtime commanding officer of the Guardia, reluctantly retired on 11 October and appears to have lost most if not all of his influence over the officer corps he once firmly controlled. Pinilla, who had been second in command, was also pushed into retirement from active military duty on 11 October. Urrutia, who had been elevated to commanding officer by Arias on the day of the coup, has retired from the Guardia since assuming his position on the junta.

The present top-ranking officer, Colonel Hassan, faces early retirement; Torrijos, now chief of staff, is in effective control of the Guardia. Martínez and Boyd serve as deputy chief of staff and executive secretary, respectively. All three coup leaders are expected to move up the command ladder with the retirement of Hassan.

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Guardia is the dominant voice in all important matters, particularly with respect to appointments to government positions, and is consulted regularly on many day-to-day decisions. But we expect some tensions between the Guardia and the junta as the latter attempts to exert increased independence in government matters.

5. At least for the moment, Colonel Torrijos appears to be the strongest figure in the new regime. We believe him to be a reasonably forceful, intelligent, and effective officer. He was bitterly opposed to Arias and worked tenaciously to keep him out of office. He has also expressed antipathy toward those he blames for Arias' victory and for Panama's overall political "mess": General Vallarino, most professional politicians, and most members of the oligarchy. His attitudes are strongly influenced by a middle class background which sets him apart from the oligarchy.

6. Martínez has long been a faithful follower of Torrijos; he, too, comes of a middle class background, but is considerably less well educated. Boyd, a member of one of Panama's most influential families, is also apparently close to Torrijos. Hence, we see no immediate challenge to Torrijos within the military leadership. Nevertheless, Martínez has shown a penchant for impulsive and irrational actions, power relationships in Panama are

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still in a fluid state, and troublesome and divisive issues are bound to emerge. In consequence, we cannot rule out the possibility of serious dissension among the military leaders.

7. What style of rule do the new leaders intend? The original impetus for the coup probably was entirely defensive: to preserve the perquisites of the officers of the Guardia and its position as final political arbiter. Thus, we doubt that the key conspirators started out with any positive program in mind. The junta has since publicized a series of policy objectives. These, though vague and general, sound reformist and anti-oligarchical, even though for many years the Guardia cooperated closely with the civilian elite. The various public and private statements of the new regime could indicate possible moves against the influence and corrupt practices of oligarchs and old-line politicians, a strengthening of the integrity of the constitutional system through political reform, and an improvement in the welfare of the peasant and laborer. The charges of corruption and favoritism against the Panamanian elite ring true, but are nonetheless remarkable considering that most officers of the Guardia participated in some of the same practices to the extent they could.

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8. We think it is too early to reach a firm judgment on the regime's intentions regarding policy. We doubt that the new leaders are themselves radicals, or particularly susceptible to radical influence.* Indeed, the provisional government has conspicuously pronounced itself to be anti-Communist and has kept under arrest 100 or so radicals of various stripes. Yet we believe there is a genuine antipathy within the Guardia, especially among its lower middle class officers, against many among the Panamanian elite, particularly the political warhorses, whose ineptness and venality the Guardia blames for the series of crises over the past year. The oligarchs and politicians who backed Arias (cynically in the Guardia's view) are probably special targets for the hard feelings of the leaders of the new regime.

9. We think, however, that the junta's proclaimed objectives were initially put forward for largely tactical reasons: that is, they were intended to mollify the masses, and perhaps to frighten the political and business elite into cooperating with the military regime on its own terms. Some individual oligarchs closely

* Torrijos' younger brother is an extreme leftist. Their personal relationship is close, but we doubt that Torrijos is much influenced by his brother's radical views.

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identified with Arias may be harassed by measures directed against them, and there may even be some largely cosmetic "social reforms;" e.g., price controls on consumer items and some modest new tax levies against the wealthy. What the new regime will do about constitutional and political changes is unclear. In any case, Panamanians have demonstrated an ability to corrupt and abuse any set of institutions; that is, the fault lies mainly with the men, not with the mechanisms.

9. On balance, we believe that the dominant impulse of the new regime will be to make peace with key figures in the civilian elite, and not to try to destroy it. The military leaders apparently realize that they need the support of a good part of the old establishment to help run government affairs, settle the political situation, and ease the financial difficulties brought on by the disruption of business in the wake of the coup. They are already making overtures to some leaders of the business community and of the old political parties.

10. Both these groups, however, are exercising caution about any accommodation. Most members of the elite hold the officers of the Guardia in some disdain and would like the period of direct military rule to be as brief as possible. They may

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also be alarmed by the anti-oligarchical tone of junta propaganda. In any case, they are not yet resigned to possibly having their affairs and their books audited by colonels and majors. Yet because the new regime is demonstrating its will and probable ability to stay in power, we think most members of the elite who are invited to participate in the regime will eventually accept. At least some will conclude that they can best protect their interests through cooperation with the new government rather than resistance to it.

11. The lack so far of serious resistance to the new regime is indicative, in our view, of the general apathy of the population, the poor preparations for an emergency by the Arias faction, the timidity of students and other groups traditionally opposed to military rule, and the skillful handling by the Guardia of the disorders that did occur. To discourage public protests, the new regime arrested a large number of radicals, Arias stalwarts, and other potential troublemakers, and instituted stringent security measures including tight controls over Panama's often inflammatory news media. The Guardia used a minimum of force in controlling the protest demonstrations in the cities during the first week after the coup, and thus created no martyrs;

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they were considerably more forceful in discouraging armed resistance by pro-Arias peasants in some outlying areas.

12. Some of the special security measures have been relaxed, but we think rather tight controls over selected news media will continue for some time. Most of those arrested have been released, though known radicals have not. Even with somewhat less stringent security controls, the regime will probably not have much difficulty in maintaining order over the next several weeks. We doubt that supporters of Arias, radicals, or students can cause more than local difficulties at this time, and these the Guardia should be able to handle. Members of the oligarchy who are harassed by the new regime may also attempt to provoke incidents. Because of their financial resources and their stake in preserving their privileged positions, they might over time come to be the main source of disaffection. Even in the longer term, we anticipate that any incidents will be limited and local, though we do not exclude such desperate acts as attempted assassination of members of the regime.

13. The Arias forces might, over the coming months, try to cause trouble for the regime through guerrilla actions.

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The small groups of poorly armed peasants who participated in resistance along the Costa Rican border right after the coup were not trained for insurgency and dispersed after a few days. We doubt that any such group could seriously challenge the Guardia's control of the countryside.

14. The military regime is obviously anxious to secure diplomatic recognition by the US as soon as possible, probably hoping thereby to speed the cooperation of the elite and the normalization of political and economic conditions. It is probably confident that the US will soon extend recognition, but it is probably concerned that a delay in recognition of a month or more might encourage an increase in at least passive resistance by a variety of forces and exacerbate economic problems. Even so, we doubt that the regime feels under any immediate or urgent necessity for acceding to pressure from the US on such matters as elections and security measures. Moreover, we are not confident that the regime, once recognition was gained, would honor any commitments made in response to US pressure, especially on a timetable for elections; it would be too easy to devise excuses for postponement.

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15. A prolonged delay in recognition would bruise the feelings of the leaders of the new regime. While Torrijos and company have always professed to be staunchly pro-American, we do not know how sincere and deep their feelings run. We feel that the younger officers in particular have become increasingly nationalistic over the past few years. Yet we do not expect blatant anti-Americanism to become the Guardia's stock in trade, at least over the next year. The regime realizes that the anti-US issue is potentially the most volatile one in Panama, and probably would not feel sure it could control an aroused populace. Finally, after recognition, the military leaders will be anxious to renew not only the flow of economic and military aid, but also the traditional close ties with US armed forces.

16. We doubt that the military regime will act upon the Canal treaties negotiated in 1967 by the administration of President Robles. The new leaders are aware that the treaties, for good reasons or bad, were widely criticized in Panama, and that the Guardia, generally considered to be under strong US influence, would be accused of selling out if the treaties were now accepted. Since the junta has

suspended Panama's National Assembly, moreover, the question of the legitimacy of any new treaties would prove embarrassing for both countries. The regime, on the other hand, might seek to activate through executive agreement some of the terms of the draft treaties which are clearly favorable to Panama, such as increased annual payments for the use of the Canal, and might participate in opening negotiations for a new set of treaties to be signed and ratified after the return to constitutionalism.

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