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Western Hemisphere

The Communist bloc has kept up a sustained propaganda campaign against the US on the Panamanian issue. Soviet commentary, while comparatively moderate, has pointed out that the US is trying to settle the crisis without yielding to any major Panamanian demand. Some of it has linked the crisis with Khrushchev's recent proposals for an international agreement renouncing the use of force in settling territorial disputes, claiming that events in Panama made the proposals "more timely." On 14 January, Soviet commentators predicted that the move to revise the canal treaty will continue to spread and that US unwillingness to agree to a peaceful settlement of Panamanian demands will lead to "further complications."

Characteristically, Peiping has pressed its attack much harder. Its press and radio are giving heavy coverage to US "aggression" and there have been numerous mass rallies--one of which turned out 100,000 people--in support of Panama. Mao Tse-tung and other top leaders have issued formal statements condemning the US and calling for a world-wide struggle against "imperialism."

Cuban propaganda continues to make much of Panama. It seeks to picture the rioting as part of a hemisphere-wide and spreading uprising against US "imperialism"--an uprising inspired by the example of the Cuban revolution. Claims of noninvolvement in the

situation in Panama are implicit in the Cuban allegations that the "struggle" there is part of a historically inevitable tide against US "exploitation" in this hemisphere.

Che Guevara, speaking on 12 January, called the rioting in Panama "just a very pale sample of what is to happen to imperialism in America" in the future. He declared that the day of revolution in Latin America is coming ever closer: "It announced itself in Caracas; it has been in Guatemala for almost two years; it is all along the whole Andes, the Sierra Maestra of America." Cuban Education Minister Hart also devoted a lengthy portion of a scheduled speech to Panama.

Official reaction in other Latin American countries has consisted for the most part of carefully worded expressions of regret over the violence and of support for Panamanian "national aspirations." The Peruvian Senate approved a motion on 13 January expressing the desire that the canal be administered under the inter-American system, a traditional position of the APRA party. Privately, several Latin American officials have expressed surprise and dismay over the Chiari government's behavior. Student groups in several countries mounted US demonstrations but none was very successful.

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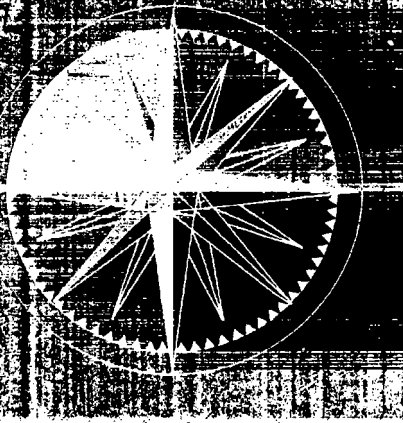
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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE



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H3-728525/1

GROUP 1. Excluded from automatic
downgrading and declassification

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Western Hemisphere

SITUATION IN PANAMA REMAINS EXPLOSIVE

The situation in Panama remains explosive, and could lead to a recurrence of anti-US violence

[redacted] Nationalist sentiment is being maintained at fever pitch by Communist, pro-Communist, and pro-Castro elements who have been working together to manipulate it for their own purposes. Also, campaigning for the presidential election in May promises to accelerate in the next few weeks and could contribute to the general unrest.

Much of the Chiari government's apparent ambiguity recently in defining its position on Panama's diplomatic relations with the US evidently stemmed from the divergent pressures exerted upon it. On the one hand, the concern expressed by several influential Panamanian businessmen over the economic consequences of a prolonged break with Washington probably reflects the opinions of many informed Panamanians, including many within the administration itself.

On the other hand, President Chiari probably believes that the prevailing popular sentiment leaves him no choice but to take an intransigent stand in demanding a new canal treaty. To appear weak and indecisive on this issue would, in his view, be tantamount to

an open invitation to plotters to move against the government.

[redacted]

Originally a body of pro-Castroite students was directing the movement to sustain popular indignation against the United States. The leadership now has been taken over by a group of prominent leftist lawyers and newsmen which is the driving force behind the activities of a Committee for the Defense of National Sovereignty created with a view to organizing and giving direction to the anti-Americanism that has swept the country. This committee has the potential to bring strong pressures on the government and the various candidates running for office; it is perhaps the most effective instrument the Communists have to achieve their long-range aims in Panama.

Communists led the student marchers who, on the night of 15 January, pressured Chiari to stiffen his attitude on the resumption of relations with the US and to demand demilitarization of the Canal Zone. The students also plan to publish a strongly anti-US pictorial pamphlet on the recent violence which they intend to distribute to the universities of Latin America and Africa.

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