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CURRENT POLITICAL SITUATION IN PANAMA

Arnulfo ARIAS and his five party coalition, the National Union (NU), took over the Government of Panama on October 1 of this year. His ascension to power was marked by a bitter election campaign, blatant attempts at electoral fraud by his opponents, an unsuccessful attempt by the NU legislative majority to impeach former President Robles, and a tense and violent post-electoral period. Despite these problems, the October 1 transfer of power was accomplished in a peaceful and orderly fashion and the new government has set about its tasks in a businesslike manner.

President Arias entered office with one of the strongest popular mandates in Panamanian history and with an unprecedented personal control, or movement to control, virtually every entity and branch of the governmental machinery, including, to some extent, even the country's only military force, the National Guard.

The composition of Panama's unicameral legislative body, the National Assembly, remained in doubt until Oct. 8, or one full week after the new government officially assumed command. The almost five months interval between the May 12 voting and the Oct. 8 resolution of the victorious candidates was used by the NU and Arias to insure their complete control of the Assembly. Although the heavy-handed tactics employed by the NU in achieving its legislative ends have met with strong criticism from the opposition, the final composition of the 42 man Assembly gives the NU far more than the two-thirds majority needed to pass certain legislation. The NU now occupies 34 seats, with 19 of these held by members of Arias' own Panamefista Party. The opposition pro-Samudio forces were left with only 7 seats while the remaining one seat was taken by the independent Christian Democrats who are participating in Arias' Cabinet. Barring any major defections within the NU ranks, the Arias Government should be able to look forward to the speedy passage of its legislative proposals.

The majority of Arias' initial key governmental appointments all appear to have one common characteristic: that of strong personal loyalty to the new President. Four of the 8 ministries have loyal Panamefistas at their head while the other four, which were distributed among the other parties of the NU, have loyal Arnulfista's as Vice Ministers or key officials. The same pattern is also in evidence through the wide range of government agencies. This also should allow Arias a wide degree of personal control of the executive machinery.

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The Supreme Court, the only governmental branch which has continued to offer open, albeit ineffective opposition to the Arias Government, is now in a state of transition. Many of the justices are old and have no desire for a confrontation with the Arias forces. Some have already submitted their resignations, and it is generally believed that a sufficient number of others will join them shortly for Arias to be able to have a safe majority in the judicial branch as well.

The powerful National Guard (GN), which in the past has played a major role in political crises, appears to have reached an uneasy modus vivendi with Arias and a number of GN changes are currently in progress, at the behest of Arias, intended to assure him GN support. First Commandant Bolivar Vallarino retired from his post (which he had held for 17 years) October 11, former Second Commandant Pinilla also is due to be retired shortly, and former Third Commandant Urrutia is to be elevated to First Commandant. In addition, a number of key officers have been transferred with the net result that officers loyal to Arias are now occupying more strategic command positions than previously. Arias' position with relation to the Guard is by no means dominant, unlike that in other areas of the Government. It is, however, stronger than that of his recent predecessors and more secure than it was during his previous two administrations. Since Arias intends to make sure that the GN will not threaten him in the future, it can be expected that he will continue his "housecleaning" and this could be a potentially troublesome operation with unforeseeable consequences.

Arnulfo Arias is a determined, forceful, and dynamic leader who believes that it is his destiny to rule Panama. He has been President twice before (1941 and 1951) and on both occasions was forceably removed from office after completing only a little over one year in office. He now has an opportunity to implement his concepts and wide-ranging program for the improvement of Panama. (A summary of his major objectives is included in the paper on Panama's economy.)

It is noteworthy that Arias did not once refer directly to the pending Panama Canal Treaty issues during his inaugural address. This fact, combined with relatively low-key treatment given the Treaties during the pre-inaugural period, indicate that Arias prefers to confront his more pressing internal problems first and to move slowly on the Treaty issue, trying to keep it from becoming the subject of emotional reactions.

HTMitchell/aaw 10/10/68

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