

ment's tool for controlling monopolies from which certain Government officials will benefit financially.

The Manager of the West India Oil Company for Panama has stated that he does not know what the other American oil companies (Union Oil Company and the Texas Company) would do if such a plan were adopted, but that his company would definitely go out of Panama and transfer its central office to Costa Rica. The West India Oil Company would be compelled to go, in as much as the distribution and sale of oils, kerosene, tere, greases, et cetera, would not amount to enough to warrant the company's continuance in business in Panama.

RA:Vise:JRC:GZS

the proposal that "Solo Dios Sobre Nosotros" (Only God Above Us) would be an appropriate motto for the Panamanian coat-of-arms. Officials claim that the Republic is a unit entirely distinct from the other American nations; that it is not a part of either North, Central or South America; and that the territory under its jurisdiction has an international rather than a national or even hemispheric value.

To start off on new footing and with free hand the Administration deemed it advisable to have a new Constitution. In a series of quick successive acts over a relatively short period, during a part of the time in which the President was given supreme command of the State, the supreme law of the land was drafted, accepted by plebiscite and officially promulgated. By it the

presidential

and until its next regular session two years hence the President has been authorized to adopt any fiscal or economic-financial measures or any administrative measures which may be deemed necessary for the proper functioning of the State.

Once the new Administration had given several months of attention primarily and almost exclusively to national policy it began to work out its program of international relationships, especially as concerned the United States. Recently it has become increasingly evident that the Administration's attitude toward this Government has been one of ingratitude coupled with an augmented desire for further handsome "handouts". Below the surface of the language and acts of apparent friendly and cooperative negotiations of first category have been what seems to be a definite attempt on the part of certain Panamanian

officials

have recently figured in Panamanian relationships with this Government, and which are representative of the attitude of the Arias Administration:

1. In connection with the new defense sites:
  - a. delay in making sites available;
  - b. little cooperation with respect to length of tenure;
  - c. unreasonable requests for compensation in return for sites;
  - d. impractical demands as respects jurisdiction;
2. Delay and hesitation in making the needed extensions in time needed for making ~~the~~ refunding plan effective;
3. Assertion of fiscal jurisdiction over private concerns operating in the Canal Zone;
4. Objection to the maintenance of branch banks in the Canal Zone;
5. Continued objection to the extension of a  
  
blanket

8. Strong complaint against the violation of Panamanian sovereignty when two United States Army planes landed at the National Airport without previous permission;
9. Lack of cooperation in opposing the transfer to Japan of vessels under Panamanian registry;
10. Failure to reply to proposals to submit Mariposa claims to arbitration; and recent informal implication by official of the Panamanian Embassy that it was ridiculous to talk about such claims;
11. Unilateral decision to omit Governor Edgerton from Aviation Board although he had been already designated to serve by President Roosevelt;
12. Omission of previously celebrated Fourth of July from new list of Panamanian holidays;
13. Approval in secret of a new postal law which in effect provides that residents in the Republic who have no official or business connection with Panama Canal are forbidden to use the Canal Zone post offices. For years a number of Americans living in the Republic have carried on their correspondence through those offices;

#### 14. Introduction

This would rather drastically reduce the previous minimum of one dollar. Because of the Treaty agreement the provisions of this bill are not to apply to the water service in Panamá and Colón;

15. Reputed proposal of Government to permit a monopolistic control for the importation, sale, and distribution of gasoline in the Republic. This would undoubtedly affect certain American oil companies now established in the Republic;

16. Announcement that those firms holding contracts and concessions, if they are desirous of continuing them under the new Constitution, should lay their cases before the Minister of Agriculture and Commerce. It is reported that all existing contracts will shortly be referred to the National Assembly for consideration. This is likely to affect the Power and Light Company.

In this same connection it might be well to remember the recent concern caused many American businessmen established in Panama by the recent legislation for the nationalization of the retail trade.

The bill just introduced for the conservation of  
Spanish

PA:RNV100:DK

entirely. . . . . read in its

If recent reports from Panama are true, machine guns in the hands of the police might not do President de la Guardia much good. There are now reliable rumors of dissatisfied faction on the part of certain of the police heads, who may be inclined to support the Pancho Arias Group in a bid for the Presidency.

As long as the situation in Panama remains so unstable, it seems to me that it would be dangerous to distribute machine guns in Panama. As late as November 14, Wilson that he was absolutely certain of the loyalty of the police force.

Pending further developments in Panama, we probably should endeavor to determine the possibility, either through lend-lease or

the

RA: WISE: RJS

elled; the program was dismissed; the pro-Nazi radio propagandist, Julio Arguin, was expelled; and other Nazis such as Theodore Jacob Hostetter (reputedly an American citizen), Willis Kaustein and George KLI left the country, ostensibly of their own accord.

A pro-Fascist employee of All American Cables was discharged. It appeared that formerly he had enjoyed the protection of Arlas and that the company took advantage of the charge of government to get rid of him. The Nationalization of Commerce Law was a heavy blow to Japanese interests. Practically all Japanese establishments

ties.

Communist activities during the period under review were insignificant. The trouble here seems to be that the Communists have no outstanding or "able leadership".

In conclusion it may be stated that the Panamanians have had considerable success in combating un-American activities during this period. The Nazis lost their able and aggressive leader and, though they undoubtedly had a substitute in reserve, it appears that he will have much more difficulty going than his predecessor.

This is mainly due to the fact that the Panamanian Government

REPRODUCED AT THE NATIONAL ARCHIVES

REPRODUCED AT THE NATIONAL ARCHIVES

cooperat...  
Axis powers and has promised 100% support to the United States in every measure that is taken for the protection and security of this hemisphere.

It is feared that a shortage of essential defense materials in the Republic of Panama will soon begin to affect morale and will undoubtedly prepare the ground for fifth column activities.

This matter has been pending since early in November and

RA:MR:ES

and the Panamanian President was authorized to declare war on any nation aiding Japan, in its actions against Panamanian territory and the security and free transit of the Canal. Under this authority President de la Guardia issued decrees on December 18 declaring war on Germany and Italy. Law 106 obviated such doubt as existed at the time of the entry of the United States into the last war when there was a question whether or not Panama actually did declare war.

Despatch 483

thus and prohibiting the export of any valuables belonging to those nationals.

(c) Rigid official censorship of radio and cablegrams.

(d) Precautionary blackouts in the Republic taken with the advice and cooperation of Canal officials.

(e) Official announcement that drastic steps would be taken to curb any attempt at war profiteering.

(f) Formation in Panama City of a Committee for Civilian Defense. This Committee has been besieged by  
hundreds

(j) Plans for the protection of residents of Panamanian cities in the Canal Zone.

(k) Provision establishing an Alien Property Custodian and empowering the National Government to take over the Japanese, Italian and German owned properties in Panama.

(l) Announcement of an emergency plan for the completion of all roads under construction in the Republic. All work is to be scheduled on a twenty-four-hour day, seven day week basis.

(m)

Favorable to the United States.

(g) Pledge of support to the present Government by various political opponents. Even the Chinese colony, which has suffered greatly under the recent Law for the Nationalization of Commerce, has pledged its unconditional support. Also the Greek colony and the Spanish Republicans sent messages of adhesion to the President. The political popularity of the present administration has been effectively strengthened and feels assured of a united populace and political stability.

RA:KWT:ase:ES

... called to state that immediately of the action of the Government was anxious to be informed war message, in order that the Panamanian National Assembly could be called together immediately to take similar action. He stated that in Panama it was reported that the action of the Senate was unanimous. The Ambassador also inquired concerning the casualties resulting from the Japanese attack on Pearl Harbor yesterday.

I returned Ambassador Wilson's call, informing him that the House and Senate voted 388 to 1 and 88 to 0, respectively, in the sense that a state of war existed

between

RA:WISER:RJS

REPRODUCED AT THE NATIONAL ARCHIVES

thanks to this new law, Panamanians will now be able to engage in activities from which they have been almost totally excluded for a great many years by commuters from abroad.

It is understood that the Chinese Minister has presented formal protest to the Foreign Office against the law and that he has also made representations with respect to the treatment of Chinese Nationalists by local Panamanian authorities.

A new amendment added at almost the last minute (apparently due to pressure exerted by Dr. Harmodio Arias and Ambassador Dawson) seems to have given additional protection to American business, especially to corporations operating in Panamá.

Ambassador Dawson comments on the law as follows:

a. The law is intensely nationalistic and not

D. FOREVER... A LAW AN...  
Panmenian economic life. A law an...  
one will undoubtedly cause grave economic repercussions.  
The law will probably be further amended and liber-  
alized sooner or later.

M. M. Wise

RAVISE: DIX

Police Force.

INTERNATIONAL NATIONAL

The Commanding Officer has been changed twice in about four months. Señor Briceño, who replaced Colonel Pino, has now been returned to the Embassy in Washington in the capacity of Counselor. His successor in Panama has not been named. According to rumors President Arias was not satisfied with the way Señor Briceño directed the police.

It appears that Juan Ramon Ramirez, lieutenant for many years in the Havana secret police, who was contracted for a year by President Arias to organize a Panamanian secret service, has been very successful in developing an efficient group of about thirty-five of a planned total of fifty plain-clothes detectives. The "Guardia Civica", a loosely constituted group of

"petty

posedly due to the dislike of the Panamanian police for strenuous disciplinary regulations.

According to Ambassador Dawson:

"The police problem in Panamá is much more complicated and difficult, of course, than in Guatemala, as here there is no innate respect for discipline or awe of authority in any of the numerous diversified groups and elements making up the population of Panama City and of Colon.

Closely related to the President's desire for reorganizing the police is his interest in instilling a sense of discipline, order and love of country in Panamanian youth similar to that provided American boys by Boy Scout activities. Early this year a group of about 100 young men of Panama City were organized into the Cubs of Urraca. This organization is to become nation-wide after experimentation in the Capital.

The

Comment: Señor Ehrman, First Secretary of the Panamanian Embassy, called last week, saying that President Arias was desirous of receiving all information available on the Boy Scout and G.O.C. organizations in the United States.

PA:VTSB;ENK