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10 January 1964

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# CENTRAL INTELLIGENCE BULLETIN



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\*Panama: Anti-US reaction in the wake of last night's riot is likely to be prolonged.

Communist agitators are attempting to keep tensions high and reportedly are planning to organize student rallies this morning. Labor leaders are using the situation to trigger a general strike planned for some months.

Politicians with an eye on national elections in May will be tempted to internationalize Panama's complaints against the US--Panamanian radio stations have already quoted President Chiari as stating he will lodge a protest with the Organization of American States and with the United Nations.

Last night's riot developed as an outgrowth of a dispute between US and Panamanian students over flying the flags of the two nations in front of a Canal Zone high school. Canal Zone police met resistance when they tried to move the Panamanian students out of the Zone. The students were joined by other Panamanians at the border where the violence started.

The issue of flying the Panamanian flag in the Zone has been an increasing source of contention, with the Panamanians insisting on this dual display. Recently the Canal Zone Government extended an earlier agreement on dual display to include additional sites and to stipulate that neither flag could fly alone. Violence also followed a flag incident in the Canal Zone in November 1959.

Yesterday's rioting damaged US official and private property but a crowd which had gathered outside the US Embassy dispersed early this morning without moving against the building. A number of Panamanians are reported wounded and six dead; there have been no confirmed reports of American casualties.

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DAILY BRIEF

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