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Panama

a country study



Panama

a country study

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Foreword

This volume is one in a continuing series of books now being prepared by the Federal Research Division of the Library of Congress under the Country Studies—Area Handbook Program. The last page of this book lists the other published studies.

Most books in the series deal with a particular foreign country, describing and analyzing its political, economic, social, and national security systems and institutions, and examining the interrelationships of those systems and the ways they are shaped by cultural factors. Each study is written by a multidisciplinary team of social scientists. The authors seek to provide a basic understanding of the observed society, striving for a dynamic rather than a static portrayal. Particular attention is devoted to the people who make up the society, their origins, dominant beliefs and values, their common interests and the issues on which they are divided, the nature and extent of their involvement with national institutions, and their attitudes toward each other and toward their social system and political order.

The books represent the analysis of the authors and should not be construed as an expression of an official United States government position, policy, or decision. The authors have sought to adhere to accepted standards of scholarly objectivity. Corrections, additions, and suggestions for changes from readers will be welcomed for use in future editions.

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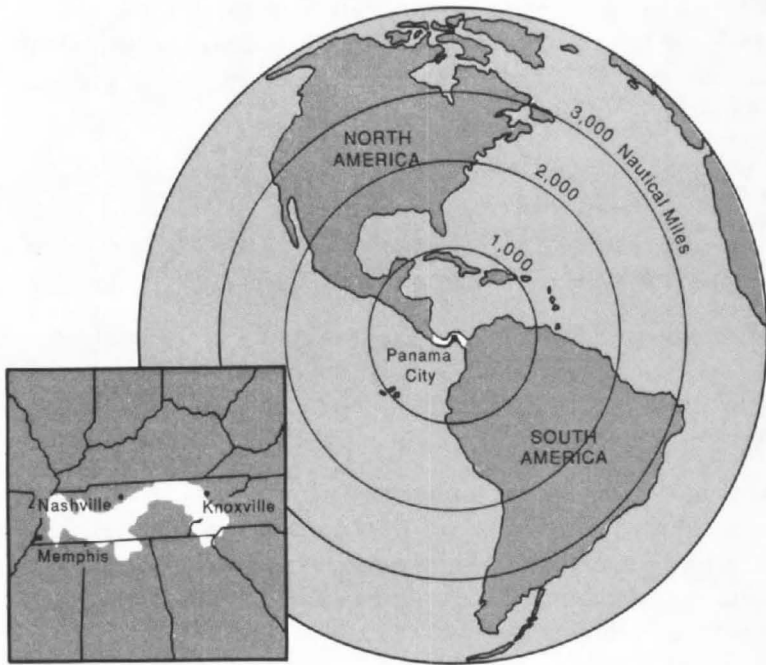
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Preface

Like its predecessor, this study is an attempt to treat in a compact and objective manner the dominant social, political, economic, and military aspects of contemporary Panama. Sources of information included scholarly books, journals, and monographs, official reports of governments and international organizations, numerous periodicals, and interviews with individuals having special competence in Panamanian and Latin American affairs. Chapter bibliographies appear at the end of the book; brief comments on sources recommended for further reading appear at the end of each chapter. Measurements are given in the metric system; a conversion table is provided to assist readers unfamiliar with metric measurements (see table 1, Appendix A). A glossary is also included.

Although there are numerous variations, Spanish surnames generally consist of two parts: the patrilineal name followed by the matrilineal. In the instance of Omar Torrijos Herrera, for example, Torrijos is his father's name, Herrera, his mother's maiden name. In non-formal use, the matrilineal name is often dropped. Thus, after the first mention, we have usually referred simply to Torrijos. A minority of individuals use only the patrilineal name.

Country Profile



Country

Formal Name: Republic of Panama (República de Panamá).

Short Form: Panama.

Term for Citizens: Panamanian(s).

Capital: Panama City (Panamá).

Geography

Size: Approximately 77,082 square kilometers.

Topography: Dominant feature of landform is central spine of highlands forming continental divide. Highest elevations near borders with Costa Rica and Colombia. Lowest elevations at waist of country where it is crossed by Panama Canal. Most of population

concentrated on Pacific side of divide southwestward from Panama City.

Climate: Tropical climate with high temperatures and humidity year round; pleasanter conditions prevailing in highlands and on Pacific side of continental divide. Seasons determined by rainfall rather than by changes in temperature. Prolonged rainy season between May and December; short dry season between December and April in parts of Pacific slope and for shorter periods on Atlantic slope of divide.

Society

Population: In mid-1987 population estimated at 2.3 million; rate of annual growth calculated at about 2.2 percent in the 1980s.

Education and Literacy: Compulsory attendance to age fifteen or completion of six-year primary level. Education free at public primary, secondary, and high schools; nominal tuition at University of Panama. About 87 percent of population over age 10 literate.

Health: Although high proportion of medical facilities and personnel located in major urban areas, most people had ready access to medical care of some kind, and extension of modern medical facilities to rural areas continued in late 1980s. Life expectancy at birth in 1985 seventy-one years.

Language: Spanish the official language and mother tongue of over 87 percent of the people. Antilleans—about 8 percent of the population—primarily spoke English, and Indians—about 5 percent—spoke their own tongues, but with a growing number adopting Spanish as second language.

Ethnic Groups: Society composed of three principal groups: Spanish-speaking mestizos, representing the vast majority of inhabitants; English-speaking Antillean blacks, constituting approximately 8 percent of the population; and tribal Indians, making up about 5 percent of the population. Mestizos originally identified as people of mixed Indian-Spanish heritage, but term now refers to any racial mixture where the individual conforms to the norms of Hispanic culture. Also some unmixed Caucasians.

Religion: Overwhelmingly Roman Catholic. Ratio of priests to population quite low, and relatively few Panamanians enter priesthood. Antilleans predominantly Protestant.

Economy

Gross Domestic Product (GDP): US\$4.9 billion in 1985, more than US\$2,000 per capita. Growth of GDP estimated at 2.8 percent for 1986, demonstrating some economic recovery following very low or negative growth as a result of recession after 1982.

Agriculture: About 9 percent of GDP in 1985. Crops represented just over 63 percent of value added in agriculture. Main crops—bananas, sugarcane, rice, corn, coffee, beans, tobacco, melons, and flowers. Livestock (producing primarily red meat) accounted for nearly 30 percent of value added in agriculture; fishing (primarily shrimp), just over 4 percent; and forestry, nearly 3 percent. Largely self-sufficient in foods except wheat.

Industry: Nearly 18 percent of GDP in 1985, including primarily manufacturing and mining (over 9 percent of GDP), construction (nearly 5 percent of GDP), and energy (over 3 percent of GDP). Manufacturing consisted mainly of import substitution, consumer goods. A few larger plants, including oil refining, electric power, cement, and sugar. Manufacturing concentrated near major cities.

Services: Over 73 percent of GDP in 1985. Sector included transportation, banking and other financial services, government services, wholesale and retail trade, and other services.

Currency: Balboa equal to United States dollar. Balboas available only in coins. Dollars circulated as the only paper currency.

Imports: US\$1.34 billion in 1985, including primarily manufactured goods; crude oil, machinery and transportation equipment, chemicals, and food products.

Exports: US\$414.5 million in 1985, mainly refined petroleum, bananas, sugar, manufactured goods, shrimp, and clothing.

Balance of Payments: Traditionally, no short-run constraints because of monetary system. Large exports of services, including those to former Canal Zone, nearly compensated for deficits in merchandise trade balance. Substantial inflow of capital. Beginning in June 1987, however, extensive capital flight, bank closures, and cutoffs of United States aid as a result of the volatile political situation posed serious short- and long-term financial problems for Panama.

Fiscal Year (FY): Calendar year.

Fiscal Policy: Public-sector expenditures considerably above revenues, resulting in large external public debt—one of the world's

largest on a per capita basis. Austerity and structural adjustment programs imposed in 1983–84 successful in reducing deficit, but debt service remained a major burden in the late 1980s.

Transportation and Communications

Ports: Fourteen ports, the most important Balboa (Pacific) and Cristóbal (Atlantic) at entrances to Panama Canal.

Railroads: There were 3 separate, unconnected systems totalling 238 kilometers. Main line between Panama City and Colón (seventy-six kilometers). Other two in west, originating in David and Almirante, respectively, and continuing across the Costa Rican border.

Roads: In 1984 about 9,535 kilometers, 32 percent asphalted. Principal axes are Pan-American Highway, running across Panama from Costa Rica toward Colombia, and Trans-isthmian Highway from Panama City to Colón.

Airports: Eight main fields, including one international airport: General Omar Torrijos International Airport, more commonly known as Tocumen International Airport, near Panama City.

Oil Pipeline: Trans-isthmian pipeline completed in 1982. Approximately eighty-one kilometers long, running from Puerto Armuelles to Chiriquí Grande.

Telecommunications: Well-developed internal and external systems.

Government and Politics

Government: Executive—under provisions of 1972 Constitution, as amended in 1978 and 1983, chief executive is president of the republic, assisted by two vice presidents, all elected by popular vote for five-year terms. In late 1980s, de facto executive authority remained, however, in hands of commander of Panama Defense Forces (Fuerzas de Defensa de Panamá—FDP). Legislature—sixty-seven-member unicameral Legislative Assembly created in 1983; members popularly elected for five-year terms that run concurrently with presidential term. Judiciary—Highest court is Supreme Court made up of nine members and nine alternates who serve ten-year terms after nomination by the executive branch and ratification by Legislative Assembly. Supreme Court divided into three chambers for civil, penal, and administrative cases. Lower courts include superior tribunals, circuit courts, municipal courts, and night

courts. Public Ministry, headed by attorney general, acts as state representative within judiciary.

Politics: Political culture traditionally characterized by personalism (*personalismo*), the tendency to give one's political loyalties to an individual rather than to a party or ideology. Politics from 1968 coup until his death in 1981 dominated by General Omar Torrijos Herrera, formally head of government from 1968 to 1978 and thereafter de facto head of government while commander of the National Guard. Torrijos's influence continued after his death, as both military and civilian leaders sought to lay claim to his political and social heritage. Proliferation of parties after 1980, when political system opened up again. Most activity divided into two main coalitions: pro-government and opposition. Pro-government coalition headed by party created by Torrijos: Democratic Revolutionary Party (Partido Revolucionario Democrático—PRD). Nation's principal opposition party was Authentic Panameñista Party (Partido Panameñista Auténtico—PPA) led by veteran politician Arnulfo Arias Madrid. Political crisis over lack of democratization and scandals associated with the FDP commander, General Manuel Antonio Noriega Morena, began in June 1987 and escalated throughout the year and into 1988. Opposition forces remained fragmented, but popular protests were orchestrated by the National Civic Crusade (Cruzada Civilista Nacional—CCN), a coalition of civic, business, and professional forces.

International Relations: Traditionally dominated by bilateral relations with United States; special relationship created by 1977 Panama Canal treaties continued to be most important aspect of foreign relations in late 1980s. Relations very strained and troubled, however, in late 1987 because of United States concerns over the lack of democratization and serious allegations of involvement of the FDP commander in drug trafficking and money laundering. Following negotiation of Panama Canal treaties, Panama has given more attention to other commercial and trade relations and especially to the Central American peace process.

International Agreements and Membership: The country is party to Inter-American Treaty of Reciprocal Assistance (Rio Treaty) and Treaty for the Prohibition of Nuclear Weapons in Latin America (Tlatelolco Treaty) and is bound by provisions of Panama Canal treaties. Also a member of Organization of American States, United Nations and its specialized agencies, World Bank, International Monetary Fund, and Inter-American Development Bank, as well as an active member of the Nonaligned Movement.

National Security

Armed Forces: Panama Defense Forces (Fuerzas de Defensa de Panamá—FDP) include military forces, police forces, and National Guard, with total strength of about 15,000.

Military Units: Principally ground forces with four combat battalions, four support battalions, eight infantry companies, and one cavalry squadron. Also a small air force and navy, as well as paramilitary National Guard.

Equipment: Limited equipment inventory. Most infantry weapons, military vehicles, naval craft, and aircraft from United States. Two largest (thirty-meter) patrol craft from Britain.

Foreign Military Treaties: Bilateral treaties with United States for canal defense.

Police: Police forces subordinate to FDP and include a variety of uniformed, undercover, and civilian forces. Most significant are National Department of Investigations (Departamento Nacional de Investigaciones—DENI), undercover security police, and First Public Order Company (Doberman), which handles riot control.

Introduction

PANAMA'S HISTORY, as well as its present-day social, economic, and political life, has been dominated by the country's significant geographic position. Encompassing the lowest and narrowest portion of the isthmus connecting North America and South America, Panama has for centuries served as a land bridge and transit zone between continents and oceans.

The narrowness of the isthmus inspired various attempts to facilitate passage between the Atlantic and Pacific oceans. Following their arrival in Panama in 1501, the Spanish turned Panama into a principal crossroads and marketplace of the great Spanish Empire (see *The Conquest; The Spanish Colony*, ch. 1). They built the Camino Real, or royal road, to link settlements on the Pacific and Atlantic coasts and used the road to transport treasures from the west coast of South America—especially Peruvian gold and silver—to Spanish galleons waiting on the Atlantic coast for the trip to Spain.

As early as 1520, however, frustrated by the slowness and hazards of the Camino Real, the Spanish undertook surveys to determine the feasibility of constructing a canal across the isthmus. The United States, seeking a quicker passage to its west coast because of the discovery of gold in California in 1848, promoted the construction of a trans-isthmian railroad, which was completed in the 1850s. But it was the French who first undertook what the Spanish ultimately had abandoned as impractical—and undesirable because it would be an attractive target for other world powers. Under the direction of Ferdinand de Lesseps, the builder of the Suez Canal, the French in 1879 attempted to construct a canal across the isthmus. The project was abandoned in 1889 because of the combined effects of disease, faulty design, and, finally, bankruptcy. The United States soon took on the project, building on what the French had done, and the first ship passed through the Panama Canal on August 15, 1914 (see *Building the Canal*, ch. 1).

Since that time, the Panama Canal has been the single greatest factor influencing Panama's society, economy, political life, and foreign relations. Panamanian society in the 1980s continued to reflect Panama's unusual position as a transit zone and the home of the canal, factors that subjected Panama to a variety of outside influences and gave the country an ethnic diversity not commonly associated with Latin America (see *Ethnic Groups*, ch. 2). Like

other former Spanish colonies, Panama's population was overwhelmingly Spanish-speaking and Roman Catholic; most inhabitants were regarded as mestizos—a term that originally referred to those of mixed Spanish and Indian heritage, but increasingly had come to mean any racial mixture in individuals conforming to the norms of Hispanic culture. In addition to mestizos and tribal Indians, Panama contained a significant minority of Antillean blacks (8 percent of the population)—Protestant, English-speaking descendants of Caribbean laborers who built the canal. There also were significant numbers of Chinese, Jews, Arabs, Greeks, East Asians, South Asians, Lebanese, Europeans, and North Americans—both immigrants and expatriate residents—who came to Panama to take advantage of commercial opportunities associated with the canal.

The Panama Canal has also shaped Panama's economic development. First, the canal has been a major source of wealth for Panama because of revenue generated by canal traffic, the influx of workers who built and later maintained the canal, and the large United States civilian and military presence associated with the canal. Until the Latin American economic slump in the mid-1980s, Panama was generally regarded as wealthy in the regional context, although the distribution of income remained skewed. Reflecting this relative wealth, Panama registered one of the highest levels of per capita income in the developing world (US\$2,100) in 1985. Second, because of the canal and other transport and service activities deriving from the country's location, Panama's economy always has been service-oriented rather than productive. Services accounted for 73 percent of the gross domestic product (GDP—see Glossary) in 1985, the highest level in the world. The Panama Canal was the primary activity in the nation's services sector, but that sector was expanded through increased government services and initiatives such as the Colón Free Zone (CFZ—see Glossary), a trans-isthmian pipeline, and the International Financial Center, which promoted offshore banking and foreign investment in Panama (see Panama Canal; Services, ch. 3).

A third characteristic of Panama's economy was the country's use of the United States dollar as its paper currency. The local currency, the balboa (see Glossary), was available only in coins. Reliance on the United States dollar meant that the country could neither print nor devalue currency as a means of establishing and implementing monetary policies. Finally, Panama's development in terms of both location of economic activity and concentration of population followed an axis across the isthmus between Colón at the Atlantic terminus of the Panama Canal and Panama City

on the Pacific coast. Over half of the population and most nonagricultural economic activity were located there.

In addition to its major influence on social and economic life in Panama, the canal also bound Panama inexorably to the United States—and therein lies the canal's dominance of Panamanian politics and foreign policy. In essence, the canal itself spurred the creation of the modern-day nation of Panama. In order to obtain the rights to construct a canal, the United States fostered separatist sentiment in Panama, then a department of Colombia, and engineered Panama's independence from Colombia in 1903. Panama became a virtual protectorate of the United States, and the pattern of United States intervention set at independence was to be repeated numerous times throughout the first half of the twentieth century (see *The United States Protectorate*, ch. 1).

This close relationship was from the start, however, colored by resentment and bitterness. The Hay-Bunau-Varilla Treaty of 1903, by which the United States acquired the right to construct a canal, was the primary source of this discontent—at least initially—for several reasons. First, Panama was not even a party to the treaty, which was signed by the United States and a French-born entrepreneur. Second, and more important, the treaty gave the United States “in perpetuity” a sixteen-kilometer-wide strip of territory known as the Canal Zone that split the nation into two unconnected pieces. (In return, Panama was to receive an annuity.) Sovereignty or jurisdiction over the Canal Zone, profits from canal operations, frustration over the continued highly visible presence and domination of the United States in Panama, and other related issues became and remained the primary focus of both internal politics and foreign relations for Panama. Nationalism, consistently a powerful force in Panama in the twentieth century, was directed primarily against the United States presence. National leaders of all political persuasions both cultivated and capitalized on public discontent with the United States. Indeed, these leaders kept popular resentment narrowly focused on the United States lest it turn on the Panamanian elite, commonly known as the oligarchy, which traditionally controlled Panama's political, economic, and social life (see *Urban Society*, ch. 2).

The quest for a more equitable treaty governing the Panama Canal has dominated Panamanian-United States relations throughout the twentieth century. The Hay-Bunau-Varilla Treaty was modified several times. But Panama's hopes for a completely new treaty were not realized until 1977, when the two countries brought to fruition negotiations that had been initiated as early as 1971 (see *The Treaty Negotiations*, ch. 1). Panama and the United States

actually signed two treaties on September 7, 1977. The first, the Panama Canal Treaty, abrogated all previous treaties with respect to the canal and transferred legal jurisdiction over the Canal Zone to Panama. The treaty created a United States agency, the Panama Canal Commission, to operate, manage, and maintain the canal until noon, December 31, 1999, at which time Panama will secure unfettered ownership and management of the canal. The commission consists of five United States citizens and four Panamanians working under an American administrator and a Panamanian deputy until 1990; thereafter the commission will work under a Panamanian administrator appointed by the winner of the 1989 presidential elections in Panama, but approved by the United States president with the advice and consent of the United States Senate. In other words, the canal will remain under the effective control of the United States government throughout the treaty period (see *The 1977 Treaties and Associated Agreements*, ch. 1; for texts of the treaties, see Appendix B).

The second treaty, the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, popularly known as the Neutrality Treaty, was vigorously resisted by the Panamanian negotiators and remains particularly galling to the government and the public. It provides for joint Panamanian and United States responsibility for the protection of the canal, but because it has no termination date, it smacks of the detested "in perpetuity" phrase of the original 1903 treaty. Panamanian concern over possible United States intervention in Panamanian affairs based on this treaty was sharpened by various unilateral interpretations and conditions that were attached to the treaties by the United States Senate during its ratification proceedings. One condition attached to the Neutrality Treaty in effect stipulated that even after December 31, 1999, the United States could use military forces in Panama "to reopen the Canal or restore the operations of the Canal." Although the Panamanian government and public were incensed over this attachment, Panama continued with the ratification. It did, however, append the following statement to the two documents: "The Republic of Panama will reject, in unity and with decisiveness and firmness, any attempt by any country to intervene in its internal or external affairs."

Thus, despite the high hopes of all concerned, the negotiation of new treaties failed to resolve Panamanian discontent. Issues related to the canal continued to muddy the waters of United States-Panamanian relations in 1988 (see *Relations with the United States: The Panama Canal; Other Aspects of Panamanian-United States Relations*, ch. 4). United States-Panamanian relations also were

strained by growing United States dissatisfaction with Panama's military-dominated political system. Panama's failure to establish a democratic form of government was an especially sore point for the United States government because "democratization" in Panama was an American condition for support of the Panama Canal treaties.

Panama's political system dates back to the year 1968—a watershed in Panamanian history. In that year the National Guard staged a coup—not for the first time—and established an enduring pattern of direct and then indirect military control of the government. Despite the subsequent construction of a democratic facade in the late 1970s, *de facto* control of the nation's politics in 1988 remained firmly in the hands of the commander of the National Guard's successor organization, the Panama Defense Forces (Fuerzas de Defensa de Panamá—FDP).

The 1968 coup also represents a major turning point in Panamanian history because it brought to power Brigadier General Omar Torrijos Herrera, a charismatic leader whose populist legacy—known as *Torrijismo*—radically altered Panamanian politics. Prior to the advent of Torrijos, Panamanian politics were dominated almost exclusively by a small number of aristocratic families. This oligarchy, largely urban, tended to be white or light-skinned and valued its purported racial purity; aristocrats intermarried and held tightly to their elite status. But Torrijos built a popular base from the ranks of the National Guard, which was composed mostly of provincial black and lower- or middle-class mestizos like Torrijos himself, as well as an assortment of campesinos and urban workers (see *The Government of Torrijos and the National Guard*, ch. 1; *Nationalism, Populism, and Militarism: The Legacy of Omar Torrijos*, ch. 4). Torrijos fostered public works and agrarian reform and put the National Guard to work on programs to improve conditions in rural areas and to bring the poorer classes to power.

Initially at least, Panama enjoyed an economic boom under Torrijos. After the passage of strict secrecy laws, Panama became an international banking center, and the CFZ became the world's second largest free-trade zone (after Hong Kong). But Panama's foreign debt also soared because of the extensive borrowing from abroad used to finance the expansion in public services, and Panama eventually registered one of the highest per capita debt levels in the world (see *Growth and Structure of the Economy; External Debt*, ch. 3). Panama's high growth rate through 1982 fell off sharply as the world economy went into a recession. Unemployment, rural poverty, and a low rate of private investment also plagued the country.

In the late 1970s, Torrijos's populist alliance already showed signs of eroding, primarily because of the severe economic downturn that had forced Torrijos to retract many of the progressive measures previously enacted to benefit labor and land reform. But the unpopularity of the canal treaties and the "democratization" process that Torrijos had initiated to win United States support for the treaties also were prime factors. Torrijos, for example, had permitted political parties, previously banned, to resume activity. In 1978 elections were held for a new legislature, and Torrijos formally stepped down as head of the government in favor of Aristides Royo, a government technocrat who was chosen by the legislature to serve a six-year term as president. Torrijos nevertheless remained commander of the National Guard and, as such, the holder of real power in Panama.

Torrijos's sudden death in a July 1981 airplane crash gave rise to a power struggle in Panama that was filled by a succession of figurehead presidents controlled by a series of National Guard and FDP commanders, who engaged in fierce internal maneuvering. The newly erected democratic facade remained in place and on paper was strengthened by the promulgation of constitutional amendments in 1983, which, among other things, permitted the direct election of a president (see *The Constitutional Framework*, ch. 4). Elections were duly held in 1984, but widespread allegations of fraud, increasingly supported by credible evidence, undercut the importance of the event as a demonstration of Panama's return to democracy. The FDP's handpicked candidate was elected, and the FDP commander remained the true source of political power in Panama.

General Manuel Antonio Noriega Moreno, the ambitious former head of military intelligence in Panama, assumed control of the National Guard in 1983 and launched a successful effort to consolidate his power. He oversaw the transformation of the National Guard from a small paramilitary organization into the much larger and more capable FDP, ostensibly capable of defending the expanded national territory (now including the former Canal Zone) and of joining the United States in defending the Panama Canal (see *Missions and Organization of the Defense Forces*, ch. 5). Because of the strong United States vested interest in the security of the canal, this transformation was accomplished with extensive United States training, equipment, and financial assistance. Ironically, however, the growing size and strength of the FDP, which were fostered in accordance with perceived United States strategic interests, led to a situation that the United States increasingly regarded as inimical to its own interests as well as those of the

Panamanian people. The FDP, which traditionally has exhibited strong institutional cohesiveness and loyalty to its commander, increasingly has become a formidable power base for enhancing and institutionalizing political control by the FDP commander.

Despite Noriega's firm hold on power in Panama, a series of events in the mid-1980s tarnished his already unsavory international reputation and threatened his regime. The first occurrence was the violent death in September 1985 of Dr. Hugo Spadafora, a vociferous Noriega critic. Spadafora, who purported to have hard evidence of Noriega's involvement in drug trafficking, was brutally murdered, and there were credible reports of FDP involvement in the death (see *Political Developments in the Post-Torrijos Era*, ch. 4). Panamanians were shocked, but the threat to Noriega came not from popular discontent, but rather from the decision of then-president Nicolás Ardito Barletta Vallarino to investigate the murder. To prevent such an action, Noriega forced Ardito Barletta to resign in favor of his vice president, Eric Arturo Delvalle Henríquez. Noriega successfully weathered this initial storm, but at the cost of an overt demonstration of the extent of military control over an ostensibly civilian regime.

The second and more serious threat to Noriega and, by extension, to the FDP, came in June 1987, when Colonel Roberto Díaz Herrera, chief of staff of the FDP, was forced to retire and then publicly denounced Noriega and other FDP officers for a variety of corrupt practices, including engineering the 1984 election fraud, ordering the murder of Spadafora, and causing the death of Torrijos. Díaz Herrera later also spoke of Noriega's involvement in drug trafficking. Díaz Herrera's revelations were shocking, not so much because of what they said about Noriega and the FDP—Panamanians had long suspected these things—but because Díaz Herrera was the first high-ranking FDP officer to break the FDP code of silence. He had spoken apparently out of pique at Noriega's failure to live up to an earlier agreement among FDP leaders to rotate the position of commander. Revenge for this forced retirement also motivated Díaz Herrera's denunciation of Noriega.

One result of the revelations was an internal political crisis in Panama that as of a year later remained unresolved. In June 1987, a coalition of civic, business, and professional groups formed the National Civic Crusade (*Cruzada Civilista Nacional—CCN*), and thousands of Panamanians participated in marches and street demonstrations to demand Noriega's resignation. Noriega and the FDP responded harshly, and there were credible reports of widespread police brutality. Noriega also attempted—mostly unsuccessfully—to portray the conflict as a class and racial struggle (i.e.,

white elite opposition to the black and mestizo masses and FDP) as well as a Yankee (see Glossary) conspiracy to retain United States control of the canal.

The chain of events in June 1987 also led to the direct involvement of the United States in the crisis. On June 26, 1987, the United States Senate passed a resolution calling for a transition to genuine democracy in Panama. The Panamanian government responded by organizing a demonstration against the United States embassy and arresting United States diplomatic and military personnel. As a consequence, on July 1, 1987, the United States suspended all military and economic assistance to Panama. It also halted repairs to Panamanian military equipment and supplies of tear gas and spare parts. For the rest of the year and into the new year, the United States government continued to consider ways of escalating the economic pressures on Panama and periodically took additional steps in that direction. In December, for example, the United States Congress suspended Panama's sugar quota for exports to the United States, cut off all nonhumanitarian aid, prohibited joint military exercises, and mandated United States opposition to any international development bank loan for Panama until Noriega handed over power to a democratically elected civilian government.

By the end of 1987, the United States government apparently had decided that Noriega was expendable and that serious efforts should be made to force him from power. United States assistant secretary of defense Richard Armitage headed an end-of-the-year effort to draw up a plan for Noriega's departure from Panama. But Noriega, who had been aware of the negotiations, denounced the plan in January 1988.

The already volatile situation flared up further in February 1988, when grand juries in Miami and Tampa, Florida, indicted Noriega on numerous counts of racketeering, drug trafficking, and money laundering. The indictments accused him of using his country as a vast clearinghouse for drugs and money tied to the Colombian cocaine trade. Suspicions and growing evidence of such activities by Noriega (as well as arms trafficking and intelligence activities) had long abounded, but the United States government previously had not acted on the evidence, purportedly because Noriega was considered by successive administrations as an important ally. Some United States government elements apparently had regarded him as vital for the protection of United States strategic interests in Panama; others, as an important source of intelligence information on Cuba. Moreover, Noriega had reportedly assisted United States efforts to oppose the Sandinista regime in Nicaragua. But support for Noriega died out after the events of June 1987 and the indictments.

The evolving crisis took another unexpected turn later in February 1988, when Panamanian president Delvalle attempted to fire Noriega, who then, with the solid backing of FDP officers, convened the legislature, which voted to oust Delvalle and replace him with education minister Manuel Solís Palma. Delvalle went into hiding in Panama, and, ironically, this aristocrat, formerly branded as “Noriega’s man,” became the unlikely leader of the opposition to Noriega. Washington refused to recognize Solís Palma and initiated an additional economic squeeze designed to bring Noriega down. In March 1988, the United States government froze Panamanian assets (about US\$50 million) in United States banks, withheld its monthly payment for the use of the canal, and suspended trade preferences on imports from Panama. (All payments due to the Panamanian government were placed in escrow, payable only to the “legitimate” government of Delvalle.) The United States also decertified Panama as an ally in the drug-fighting war, which, according to a 1986 law, would mandate an aid cut-off and justify other discretionary sanctions, which were not imposed at that time. This measure was largely symbolic, however, because aid had already been terminated in December 1987.

Because Panama was dependent on the United States dollar, these economic measures meant that Panama had no cash with which to pay its employees—or to meet its interest payments on loans from international lending institutions or private banks. Panama’s banks closed in early March 1988, and by mid-March half of the estimated US\$23 billion in foreign deposits had left the country. Indeed, capital flight had proceeded steadily ever since the June 1987 crisis. Even before the capital flight, the economy was stagnating and suffering from high unemployment and low or negative growth in GDP. In short, the Panamanian economy was near collapse. Although the economic measures adopted by the United States were intended to dry up the Noriega regime’s cash and thereby force him out without permanently damaging the economy, analysts began to fear that the long-term effects of the crisis on the Panamanian economy would be devastating and that the once-prosperous banking sector would be irrevocably damaged.

The CCN reacted to the economic crisis in Panama by calling a general strike that brought Panama’s economy to a virtual standstill for the month of March. Widely regarded as largely upper-class, white, and elite, the CCN had not engendered widespread popular or labor support up to that point, but in March 1988 its followers appeared to be growing. The populace engaged in a series of protests and strikes over the government’s failure to pay public-sector employees and pensioners. Several parties and the hierarchy

of the Roman Catholic Church (traditionally conservative and previously impartial) voiced support for the crusade. Noriega did not appear to have much support outside the FDP and the official government party that had been created by Torrijos—the Democratic Revolutionary Party (Partido Revolucionario Democrático—PRD).

After the exertion of economic pressure by the United States—combined with growing internal opposition to the Noriega regime—many observers expected Noriega to be forced to step aside in the near future. But such was not the case. Noriega showed remarkable durability and ingenuity in adopting countermeasures that permitted his regime to survive. In an important move aimed at cutting off the flow of information among opposition forces, Noriega periodically closed down independent and opposition radio and television stations and newspapers. Faced with CCN strikes and demonstrations and spontaneous acts of protest by various groups (e.g., teachers, telephone workers, mill workers, and hospital workers), Noriega responded with violence. Troops teargassed demonstrating teachers, stormed Panama's largest hospital when hospital workers staged a protest, occupied flour mills, forcefully reopened the port of Balboa after dock workers went on strike, stormed a luxury hotel to arrest opposition figures, intimidated shops and supermarkets into reopening, forced banks to reopen for limited operations, and purged (forcibly retired or imprisoned) FDP officers implicated in a mid-March 1988 coup attempt or suspected of disloyalty. Acting under a declared state of urgency, Noriega increasingly moved to take over all key economic sectors and public services so that he could survive a prolonged economic battle.

In addition to instituting measures designed to quell popular protests, Noriega showed great resourcefulness in his quest for cash dollars. By the end of March, he had amassed enough cash to meet some of the government's payrolls. His sources of cash included cash salary payments to Panamanians working for United States military forces in Panama, the Panama Canal Commission, and various foreign banks; the conversion of Panamanian assets of the Latin American Export Bank into hard currency in Europe; and taxes paid by United States companies with branches in Panama. The United States government later tried to close off the latter flow of dollars, but regulations prohibiting payments to the government of Panama were so general that they were difficult to enforce. Another factor in Noriega's ability to weather the cash crisis was the introduction of an alternative currency system that used government checks, issued in small denominations. These "Panadollars"

could not be cashed at banks, but were widely exchanged in lieu of cash.

Noriega's successful containment of the violence in Panama, defeat of the attempted coup, and acquisition of cash apparently reinforced his determination to stay in power. In March 1988, Noriega began to toy with both opposition and United States government attempts to negotiate his departure. But he ultimately rejected all proposed deals, even though between March and May the United States increasingly backed down on its initial requirements and met virtually all demands put forth by Noriega, including his insistence that the indictments be dropped.

Thus, by June 1988, the situation had reached an impasse. The opposition in Panama remained committed to ousting Noriega and restoring democracy to the country, but its protest activities were sporadic and its leaders disheartened. In fact, most CCN leaders had left the country. There was some discussion of opposition negotiations with Noriega, but few observers expected any such attempts to prove fruitful. The United States government maintained all economic sanctions previously imposed against Panama, and on June 6 announced its intention of more rigidly enforcing regulations prohibiting payments to the government of Panama. United States government officials also made vague threats about other future actions against Panama, but they publicly ruled out any military intervention in the absence of a direct threat to the Panama Canal, and most observers noted the lack of other viable United States options. The prospect of Latin American mediation to achieve a negotiated settlement offered some hope of an end to the crisis, but there was no apparent progress in this direction as of August 1988. Meanwhile, the Panamanian economy, although outwardly functioning more normally, continued its steady deterioration, as evidenced by continued layoffs, bankruptcies, a sharp decline in the GDP, and defaults on payments of the foreign debt.

The acknowledged failure of the combined efforts of the United States government and the Panamanian opposition to force out Noriega resulted from several factors that observers discussed at great length in the media and on which they generally agreed. First, the Panamanian opposition did not develop into a "people's power" movement such as those that had successfully toppled dictators in the Philippines and Haiti earlier in the 1980s. The Panamanian opposition was widespread, but it remained fragmented, lacked a charismatic leader, failed to foster allies within the FDP (a tactic used successfully elsewhere), and never engendered widespread support among labor or the masses. In its attempt to develop support, the opposition was hindered somewhat by a perceived class

distinction between the elite upper- and middle-class, business-dominated CCN and the masses, who had traditionally supported and benefited from FDP rule. Noriega played on this mass susceptibility to class animosity. There was growing evidence that the populace regarded the FDP under Noriega as corrupt and self-serving and found his personal corruption distasteful, but fear and perceived class interests continued to override any desire for social change. Moreover, observers noted that the Panamanian opposition, as well as the general populace, remained steadfastly cautious and nonviolent and was easily intimidated by the FDP.

The second major reason for Noriega's retention of power was the strength and cohesiveness of the FDP—attributes that had been largely underestimated by the United States government and others. The FDP, out of both fear and entrenched self-interest, remained loyal to Noriega. Although his position was undermined somewhat by the defection of close associates, Noriega still was able to put down the March 1988 coup attempt quite easily. Subsequently, he managed to purge suspected dissidents and surrounded himself with loyal supporters and cronies. In May 1988, Noriega created a twenty-member Strategic Military Council headed by a colonel and composed of three lieutenant colonels, ten majors, and six captains. Observers believed that this lower-ranking group increasingly bypassed the more senior general staff. Noriega also tripled the size of his personal security force, staffing it largely with Cubans and other non-Panamanians, and he reportedly also brought in Cuban military advisers and weapons. In short, Noriega moved both to consolidate his hold over the FDP and to tighten the FDP's grip on the country.

Finally, and perhaps most basically, Noriega survived the crisis because the economic sanctions imposed by the United States government did not have the quick and catastrophic effect envisioned by policy makers. Despite the dependence of Panama on dollars, the Panamanian economy proved to be surprisingly resilient. In addition, the sanctions were ineffective because they did not directly affect Noriega, who managed to weather his liquidity crisis because of a continuous influx of both legal and illegal cash. The sanctions hit hardest on the middle class and private sector and created hardships for the masses. In the long run, however, the economy was seriously damaged, perhaps irreparably. Moreover, some observers noted that the economic sanctions may unintentionally have destroyed the private sector, which is the base for moderate, democratic forces in Panama. In related events, observers noted the ruling PRD's apparent move to the left with the

appointment of new cabinet members in late April 1988 and the increasingly pro-Cuban and pro-leftist leanings of the FDP.

The focus of United States and international attention on Noriega—first attempting to remove him from power and then analyzing where such attempts went wrong—tended to obscure more enduring problems affecting Panama's future. In mid-1988 analysts uniformly agreed that, even without Noriega, who was not likely to leave soon, restoring order, rebuilding the damaged economy, and revamping the political system were formidable tasks. Noriega's departure would ease but not solve Panama's political problems. The opposition remained divided and political parties factionalized. Indeed, in February 1988, two parties reportedly formed their own opposition movement—the Popular Civic Movement (Movimiento Civilista Popular—MCP)—separate from the CCN. Moreover, the lack of a clear national leader as an alternative to Noriega or another FDP officer was a serious impediment to opposition success. Delvalle was tainted by his former association with Noriega; veteran politician Arnulfo Arias Madrid died in August 1988; and other party leaders reportedly lacked charisma.

Finally, and most important, the extensive, institutionalized control of national life by the FDP and the endemic corruption within the FDP (including widespread involvement in drug trafficking and money laundering) stood in the way of any rapid or easy transition to democracy in Panama. In the summer of 1988, some observers reported that certain FDP elements were discontent with Noriega. They predicted that Panamanian military officers would eventually remove Noriega from power. Prospects for an end to corruption and a return to democratic civilian rule in Panama, however, would not necessarily be improved by a military coup that ousted Noriega alone.

The FDP's reputation for corruption also fueled United States fears about the future of the Panama Canal. The prospects for an efficient, professional, and nonpartisan administration of the canal and related activities under Panamanian leadership were not good based on the evidence of Panama's corrupt, politicized management of the trans-isthmian railroad, ports, and other former Canal Zone property turned over to it in 1979. Indeed, some analysts believed that even before the crisis ignited in June 1987, maladministration, political patronage, and corruption had become so pronounced and extensive that they jeopardized the future of Panama's economy.

Panama's future thus remained clouded in mid-1988. Although life had in some senses returned to normal following the turmoil that had flared up in June 1987, the political system remained

unrepresentative and potentially unstable, the economy chaotic, and relations with the United States severely strained.

August 15, 1988

* * *

As of late March 1989, there had been no major changes in the situation in Panama since research and writing of this book were completed. But observers agreed that the United States attempt to oust Noriega had failed. Despite his increasing international isolation and lack of popular support, Noriega had survived, and, against all odds, the battered economy had not collapsed.

In the spring of 1989, political activity in Panama focused on preparations for the presidential election set for May 7, 1989. Pro-government parties—the PRD, Labor and Agrarian Party (Partido Laborista Agrario—PALA), Republican Party (Partido Republicano—PR), National Liberal Party (Partido Liberal Nacional—PLN), and several other small parties—had formed a new electoral coalition, the National Liberation Coalition (Coalición de Liberación Nacional—COLINA). COLINA's slate of candidates, announced in early February 1989, included Carlos Alberto Duque Jaén of the PRD for president, Ramón Sieiro Murgas of PALA for first vice president, and Aquilino Boyd, the government's ambassador to the Organization of American States, for second vice president. All three were widely regarded as staunch Noriega supporters: Duque, a business partner of Noriega; Sieiro, Noriega's brother-in law; and Boyd, a Noriega regime loyalist.

Opposing the government coalition were three major opposition parties—the Christian Democratic Party (Partido Demócrata Cristiano—PDC), National Liberal Republican Movement (Movimiento Liberal Republicano Nacional—MOLIRENA), and Authentic Liberal Party (Partido Liberal Auténtico—PLA), which had banded together in a coalition known as the Civic Democratic Opposition Alliance (Alianza Democrática de Oposición Cívica—Civic ADO or ADOC). Civic ADO also had the support of the Crusade (CCN), the small Popular Action Party (Partido de Acción Popular—PAPO), and a dissident faction of the Authentic Panameñista Party (Partido Panameñista Auténtico—PPA), which had split after the death of Arias Madrid in August 1988. When the Electoral Tribunal gave official recognition and control of the party to a small faction headed by Hildebrando Nicosia Pérez, who had broken with Arias Madrid in the mid-1980s, the majority faction, led by Guillermo

Endara, left the PPA and formed the Arnulfist Party. The Arnulfist Party threw its considerable weight behind Civic ADO, and its leader, Guillermo Endara, was put forward as Civic ADO's presidential candidate. In addition to Endara, Civic ADO's electoral slate included Ricardo Arias Calderón of the PDC for first vice president and Guillermo Ford of MOLIRENA for second vice president. The official PPA refused to join either coalition, preferring to run its own slate of candidates headed by Nicosia for president.

Observers predicted that the government-sponsored candidates would prevail. The Noriega regime was widely expected to ensure the victory of its candidates through a combination of electoral fraud and pre-electoral tactics designed to intimidate and divide the opposition. Indeed, the opposition claimed that thousands of names of opposition party supporters had already disappeared from the lists of eligible voters. Moreover, in the period leading up to the election, the Noriega regime was reportedly using its control of the three-member Electoral Tribunal to capitalize on internal divisions in legitimate opposition parties. In disputes over party leadership, the tribunal had consistently ruled in favor of minority factions presumed more loyal to Noriega, most notably in the case of the PPA. Analysts regarded such rulings as attempts to "steal" these opposition parties and undercut their electoral strength. Some observers even postulated that Nicosia had purposely split the PPA in order to create a rift in the opposition, reduce support for Civic ADO, and enhance the electoral prospects of COLINA.

The pre-electoral period in Panama was a tense one with respect not only to internal Panamanian politics but also to relations between Panama and the United States. In addition to its political machinations, the Noriega regime's continued harassment of Americans in Panama, incursions onto United States military facilities, hostile propaganda, and charges of violations of the Panama Canal treaties exacerbated the already poor relations between the two countries. Observers believed that the future tone and direction of the relationship would be determined to a large extent by the outcome of the May 1989 election. The United States would face difficult policy decisions over how to react to the expected electoral fraud; what to do about the economic sanctions, which were unpopular and ineffective but still officially in place; and how to handle the turn-over of directorship of the Panama Canal Commission to a Panamanian in 1990, given the high probability of an undemocratic and hostile regime in Panama.

Panama itself faced an uncertain future. Although victory for pro-Noriega forces seemed assured in the short term, in the longer

term they were expected to confront increasing regional and international isolation, continued United States opposition, and, most seriously, bleak economic prospects because of the dramatic drop in GDP and government income and the equally drastic rise in capital flight and unemployment. The once vital Panamanian economy was a shambles, and its future looked grim, indeed.

March 27, 1989

* * *

Late on the night of May 10, 1989, the Electoral Tribunal announced that the May 7 elections—presidential, legislative, and local—had been annulled because of violence and “foreign interference.” The announcement followed three days of uncertainty, controversy, and incipient violence during which both sides claimed victory although official results had not been forthcoming. Duque declared himself the winner on election night, and partial results slowly released by the government over the next three days showed him leading by a two-to-one margin. But the Roman Catholic Church in Panama, independent exit polls, and international election observers supported the opposition’s contention that it had won by a margin of about three to one.

The opposition stated unequivocally that the elections were fraudulent and that the official results were based on fake tally sheets. Most observers agreed with them. They cited numerous instances of military and paramilitary raids on vote-counting centers during which original tally sheets were seized or destroyed. It appeared that the Noriega regime, unable to steal the election unobtrusively because of the wide margin of the opposition’s victory, had resorted to crude and overt fraud to ensure the victory of its hand-picked candidates.

In addition, the regime responded to opposition demonstrations with violence, forcibly dispersing protesters. On May 10, members of Noriega’s civilian paramilitary squads, known as Dignity Battalions, which were believed to be composed primarily of members of the FDP, attacked and savagely beat opposition candidates Endara, Arias Calderón, and Ford during a motorcade and popular demonstration to protest the electoral fraud. The Noriega regime responded to international condemnation of its actions by expelling foreign journalists and harassing United States diplomatic and military personnel stationed in Panama.

Despite its use of fraud and violence, however, the Noriega regime ultimately gave up on any attempt to claim victory in the

elections and instead nullified them. Opposition and church leaders rejected the annulment and demanded official recognition of the opposition's electoral victory and a turnover of power to the newly elected government on September 1, 1989, as scheduled. In addition, the opposition called for a twenty-four-hour general strike to be held on May 17.

Most Latin American nations, except for Cuba and Nicaragua, also condemned the annulment but warned against United States military intervention. A special meeting of the Organization of American States to discuss the situation was scheduled for May 17, and the Group of Eight (a coalition of eight Latin American democracies from which Panama had been suspended in February 1988) expressed "profound concern" over events in Panama. West European nations also denounced the Noriega regime's actions.

For its part, the United States stood by its earlier condemnation of the elections as fraudulent, deplored the use of violence, refused to recognize the Noriega regime, and called on Panamanians to overthrow Noriega. The United States took steps to protect its personnel and property in Panama and to prepare for a possible evacuation of United States personnel and their dependents from Panama. It also ordered the deployment to Panama of an additional brigade of combat troops, recalled its ambassador, and engaged in diplomatic initiatives to isolate Noriega and encourage a regional solution to the crisis.

Thus, the political crisis that had begun in Panama in June 1987 remained unresolved and had, in fact, escalated to a new and more dangerous level. The situation remained very tense as observers awaited Noriega's further efforts to exert control and the domestic and international responses to his actions.

May 15, 1989

Sandra W. Meditz

Chapter 1. Historical Setting



*Cuna Indian mola design of a Panamanian coin featuring Spanish explorer
Vasco Núñez de Balboa*

THE HISTORY OF the Panamanian isthmus, since Spaniards first landed on its shores in 1501, is a tale of treasure, treasure seekers, and peoples exploited; of clashes among empires, nations, and cultures; of adventurers and builders; of magnificent dreams fulfilled and simple needs unmet. In the wake of Vasco Núñez de Balboa's torturous trek from the Atlantic to the Pacific in 1513, conquistadors seeking gold in Peru and beyond crossed the seas and recrossed with their treasures bound for Spain. The indigenous peoples who survived the diseases, massacres, and enslavement of the conquest ultimately fled into the forest or across to the San Blas Islands. Indian slaves were soon replaced by Africans.

A century before the English settled Massachusetts Bay, Panama was the crossroads and marketplace of the great Spanish Empire, the third richest colony of the New World. In the seventeenth century, however, the thriving colony fell prey to buccaneers of the growing English Empire, and Panama entered a period of decline and neglect that lasted until gold was discovered in California.

The geopolitical significance of Panama has been recognized since the early 1500s, when the Spanish monarchs considered digging a canal across the isthmus. United States interest, intensified in the 1850s by the California gold rush, resulted in the construction of a trans-isthmian railroad. In 1879 a French company under the direction of Ferdinand de Lesseps, builder of the Suez Canal, began constructing a canal in Panama. The project fell victim to disease, faulty design, and ultimately bankruptcy and was abandoned in 1889.

By the turn of the twentieth century, the United States had become convinced that a canal should be built to link the two oceans. In addition to the geographic advantages of the isthmus, President Theodore Roosevelt was attracted by the separatist tendencies of Panama, then a department of Colombia. When Panama rebelled against Colombia in 1903, Roosevelt deployed United States naval vessels to discourage the Colombian forces and proudly claimed the role of midwife at the birth of the Republic of Panama.

Since its completion in 1914, the Panama Canal has been Panama's economic base, and the United States presence has been the republic's major source of frustration. The provisions of the treaty concluded in 1903 between John Hay and Philippe Bunau-Varilla (the Hay-Bunau-Varilla Treaty) granted the Canal Zone "in perpetuity" to the United States and made Panama a virtual

protectorate of the United States. Relations with the United States in general, and the status of the Canal Zone in particular, long remained the overriding concerns of the formulators of Panama's foreign policy and strongly influenced domestic politics and international relations.

Despite the negotiation of treaty amendments in 1936 and 1955, limiting the freedom of the United States to intervene in Panama's internal affairs, various problems between the two countries continued to generate resentment among Panamanians. Aside from the larger issue of jurisdiction over the zone—which split the country into two parts—Panamanians complained that they did not receive their fair share of the receipts from the canal, that commissaries in the zone had damaged their commercial interests, that Panamanian workers in the zone were discriminated against in economic and social matters, and that the large-scale presence of the United States military in the zone and in bases outside the zone cast a long shadow over national sovereignty.

After serious rioting in 1964 that indicated the intensity of nationalistic aspirations concerning the status of the canal, the United States agreed to enter into negotiations for a new treaty. Meanwhile, studies relating to the construction of a new canal were undertaken. In 1971 after a four-year interlude, negotiations were renewed. In 1977 two new treaties were signed, one providing for Panamanian assumption of control over the canal in the year 2000 and the other providing for a permanent joint guarantee of the canal's neutrality.

The focal point of consensus in Panamanian political life, cutting across both social and partisan divides, has been nationalism. Nationalistic sentiments, directed primarily against the highly visible and dominant presence of the United States, have been catered to in varying degrees by all who have held positions of leadership or have sought popular support. Public demonstrations and riots, as occurred in 1927, 1947, 1959, and 1964, have been effective in influencing policy, especially in relation to the country's stance vis-à-vis the United States. National leaders have alternately responded to and contributed to an explosive climate of public opinion. They have carefully kept popular resentment narrowly focused on the United States presence lest discontent turn on the Panamanian elite, generally referred to as the oligarchy.

Until the National Guard seized control in 1968, power had been wielded almost exclusively by a small number of aristocratic families. The middle class was constrained from challenging the system because most of its members depended on government jobs. Also, the slow pace of industrialization had limited the political role

of urban labor. The lower classes lacked organization and leadership. They had been distracted from recognizing common problems by the ethnic antagonisms between those of Spanish or mestizo background and the more recent immigrants, Antillean blacks from Jamaica and other parts of the West Indies.

Brigadier General Omar Torrijos Herrera, who in 1969 as commander of the National Guard assumed the role of head of government, had some initial success in building a popular base for his government among small farmers and urban workers. His domestic program emphasized public works—especially the construction of roads, bridges, schools, and low-cost public housing—and an agrarian reform program. In addition, he encouraged the entry of foreign banks and firms as part of his effort to create jobs and increase incomes.

In negotiating new Panama Canal treaties, Torrijos, like other leaders before him, walked the tightrope of taking a strong stand on the issue to maintain popular support, while keeping popular frustrations within controllable limits and without appearing so militant as to alarm the United States. Successful in this endeavor, by the time the new treaties were signed in 1977, Torrijos had held power longer than any other leader in Panama's history.

Nevertheless, by the late 1970s, clear signs appeared to show that Torrijos's populist alliance was eroding. Observers attributed the decline in support to a variety of factors, including severe economic problems that led to backtracking on social programs, opposition among Panamanians to the 1977 Panama Canal treaties, and the very "democratization" process that Torrijos initiated to gain United States support for the canal treaties.

In October 1978, the 1972 Constitution had been reformed to allow the legalization of political parties, and exiled political leaders were permitted to return to Panama. Torrijos formally stepped down as head of government, and a civilian president was elected. Torrijos, however, clearly remained the dominant force in the political system. Torrijos's shocking, sudden death in an airplane crash in July 1981 created a power vacuum in Panama. The newly erected democratic facade persisted, however, with a succession of civilian presidents controlled by the National Guard and its emergent leader, General Manuel Antonio Noriega Moreno, who (as of late 1987) had been in command since August 1983. Noriega successfully transformed the National Guard into the far larger Panama Defense Forces (Fuerzas de Defensa de Panamá—FDP), a formidable power base for his increasing political control.

The Conquest

Estimates vary greatly of the number of Indians who inhabited the isthmus when the Spanish explorers arrived. By some accounts, the population was considerably greater than that of contemporary Panama. Some Panamanian historians have suggested that there might have been a population of 500,000 Indians from some 60 "tribes," but other researchers have concluded that the Cuna alone numbered some 750,000.

Besides the Cuna, who constituted by far the largest group in the area, two other major groups, the Guaymí and the Chocó, have been identified by ethnologists (see Indians, ch. 2). The Guaymí, of the highlands near the Costa Rican border, are believed to be related to Indians of the Nahuatlán and Mayan nations of Mexico and Central America. The Chocó on the Pacific side of Darién Province appear to be related to the Chibcha of Colombia (see fig. 1).

Although the Cuna, now found mostly in the Comarca de San Blas, an indigenous territory or reserve considered part of Colón Province for some official purposes, have been categorized as belonging to the Caribbean culture, their origin continues to be a subject of speculation. Various ethnologists have indicated the possibility of a linguistic connection between the name *Cuna* and certain Arawak and Carib tribal names. The possibility of cultural links with the Andean Indians has been postulated, and some scholars have noted linguistic and other affinities with the Chibcha. The implication in terms of settlement patterns is that the great valleys of Colombia, which trend toward the isthmus, determined migration in that direction.

Lines of affiliation have also been traced to the Cueva and Coiba tribes, although some anthropologists suggest that the Cuna might belong to a largely extinct linguistic group. Some Cuna believe themselves to be of Carib stock, while others trace their origin to creation by the god Olokkuppilēle at Mount Tacarcuna, west of the mouth of the Río Atrato in Colombia.

Among all three Indian groups—the Cuna, Guaymí, and Chocó—land was communally owned and farmed. In addition to hunting and fishing, the Indians raised corn, cotton, cacao, various root crops and other vegetables, and fruits. They lived then—as many still do—in circular thatched huts and slept in hammocks. Villages specialized in producing certain goods, and traders moved among them along the rivers and coastal waters in dugout canoes. The Indians were skillful potters, stonecutters, goldsmiths, and silversmiths. The ornaments they wore, including breastplates and

earrings of beaten gold, reinforced the Spanish myth of El Dorado, the city of gold.

Rodrigo de Bastidas, a wealthy notary public from Seville, was the first of many Spanish explorers to reach the isthmus. Sailing westward from Venezuela in 1501 in search of gold, he explored some 150 kilometers of the coastal area before heading for the West Indies. A year later, Christopher Columbus, on his fourth voyage to the New World, touched several points on the isthmus. One was a horseshoe-shaped harbor that he named Puerto Bello (beautiful port), later renamed Portobelo.

Vasco Núñez de Balboa, a member of Bastidas's crew, had settled in Hispaniola (the island encompassing present-day Dominican Republic and Haiti) but stowed away on a voyage to Panama in 1510 to escape his creditors. At that time, about 800 Spaniards lived on the isthmus, but soon the many jungle perils, doubtless including malaria and yellow fever, had killed all but 60 of them. Finally, the settlers at Antigua del Darién (Antigua), the first city to be duly constituted by the Spanish crown, deposed the crown's representative and elected Balboa and Martin Zamudio co-mayors (see fig. 2).

Balboa proved to be a good administrator. He insisted that the settlers plant crops rather than depend solely on supply ships, and Antigua became a prosperous community. Like other conquistadors, Balboa led raids on Indian settlements, but unlike most, he proceeded to befriend the conquered tribes. He took the daughter of a chief as his lifelong mistress.

On September 1, 1513, Balboa set out with 190 Spaniards—among them Francisco Pizarro, who later conquered the Inca Empire in Peru—a pack of dogs, and 1,000 Indian slaves. After twenty-five days of hacking their way through the jungle, the party gazed on the vast expanse of the Pacific Ocean. Balboa, clad in full armor, waded into the water and claimed the sea and all the shores on which it washed for his God and his king.

Balboa returned to Antigua in January 1514 with all 190 soldiers and with cotton cloth, pearls, and 40,000 pesos in gold. Meanwhile, Balboa's enemies had denounced him in the Spanish court, and King Ferdinand appointed a new governor for the colony, then known as Castilla del Oro. The new governor, Pedro Arias de Avila, who became known as "Pedrarias the Cruel," charged Balboa with treason. In 1517 Balboa was arrested, brought to the court of Pedrarias, and executed.

In 1519 Pedrarias moved his capital away from the debilitating climate and unfriendly Indians of the Darién to a fishing village on the Pacific coast (about four kilometers east of the present-day

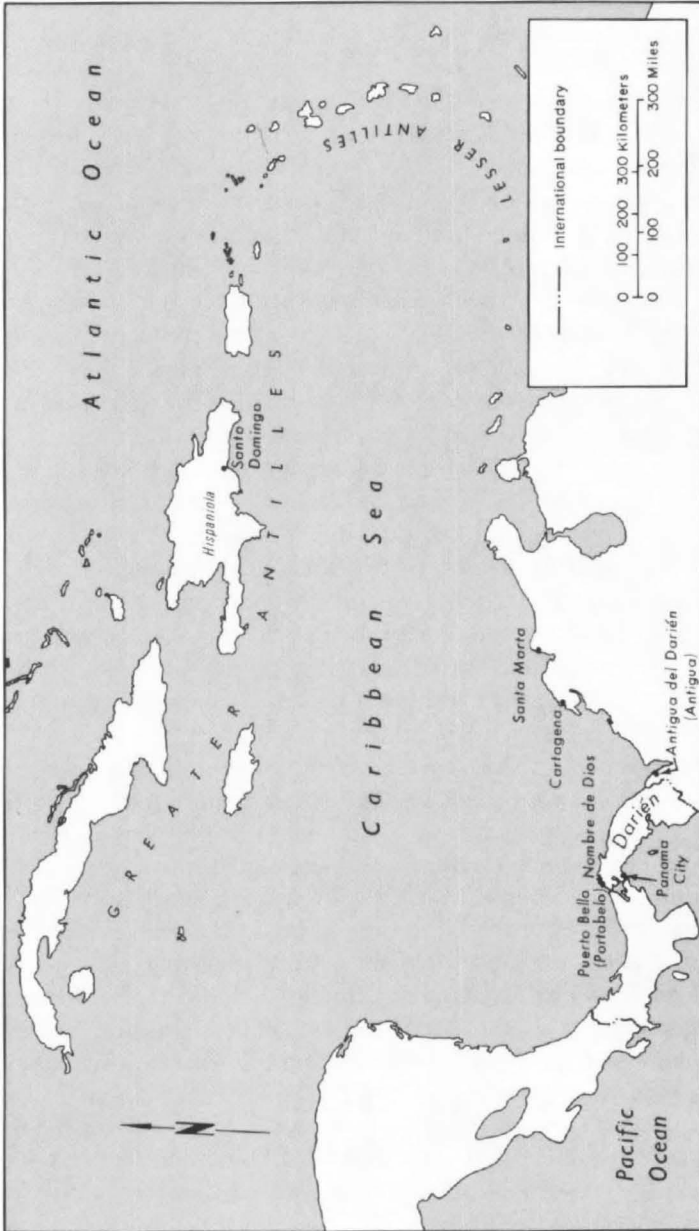


Figure 2. The Isthmus and Surrounding Areas in the Fifteenth and Sixteenth Centuries

capital). The Indians called the village Panama, meaning “plenty of fish.” In the same year, Nombre de Dios, a deserted early settlement, was resettled and until the end of the sixteenth century served as the Caribbean port for trans-isthmian traffic. A trail known as the Camino Real, or royal road, linked Panama and Nombre de Dios. Along this trail, traces of which can still be followed, gold from Peru was carried by muleback to Spanish galleons waiting on the Atlantic coast.

The increasing importance of the isthmus for transporting treasure and the delay and difficulties posed by the Camino Real inspired surveys ordered by the Spanish crown in the 1520s and 1530s to ascertain the feasibility of constructing a canal. The idea was finally abandoned in mid-century by King Philip II (1556-98), who concluded that if God had wanted a canal there, He would have built one.

Pedrarias’s governorship proved to be disastrous. Hundreds of Spaniards died of disease and starvation in their brocaded silk clothing; thousands of Indians were robbed, enslaved, and massacred. Thousands more of the Indians succumbed to European diseases to which they had no natural immunity. After the atrocities of Pedrarias, most of the Indians fled to remote areas to avoid the Spaniards.

The regulations for colonial administration set forth by the Spanish king’s Council of the Indies decreed that the Indians were to be protected and converted to Christianity. The colonies, however, were far from the seat of ultimate responsibility, and few administrators were guided by the humane spirit of those regulations. The Roman Catholic Church, and particularly the Franciscan order, showed some concern for the welfare of the Indians, but on the whole, church efforts were inadequate to the situation.

The Indians, nevertheless, found one effective benefactor among their Spanish oppressors. Bartolomé de las Casas, the first priest ordained in the West Indies, was outraged by the persecution of the Indians. He freed his own slaves, returned to Spain, and persuaded the council to adopt stronger measures against enslaving the Indians. He made one suggestion that he later regretted—that Africans, whom the Spaniards considered less than human, be imported to replace the Indians as slaves.

In 1517 King Charles V (1516-56) granted a concession for exporting 4,000 African slaves to the Antilles. Thus the slave trade began and flourished for more than 200 years. Panama was a major distribution point for slaves headed elsewhere on the mainland. The supply of Indian labor had been depleted by the mid-sixteenth century, however, and Panama began to absorb many of the slaves.

A large number of slaves on the isthmus escaped into the jungle. They became known as *cimarrones* (sing., *cimarrón*), meaning wild or unruly, because they attacked travelers along the Camino Real. An official census of Panama City in 1610 listed 548 citizens, 303 women, 156 children, 146 mulattoes, 148 Antillean blacks, and 3,500 African slaves.

The Spanish Colony

The period of free, though licensed, exploration gave way to a period in which the king exercised royal control by appointing governors and their staffs. All were to be paid from crown revenues expected from the royal profits on the colony. The king's representative was responsible for ensuring such returns; he tracked all gold, pearls, and income from trade and conquest; he weighed out and safeguarded the king's share.

Governors had some summary powers of justice, but *audiencias* (courts) were also established. The first such *audiencia*, in Santo Domingo, Hispaniola, had jurisdiction over the whole area of conquest. As settlement spread, other *audiencias* were set up. By a decree of 1538, all Spanish territory from Nicaragua to Cape Horn was to be administered from an *audiencia* in Panama. This *audiencia* lasted only until 1543 because of the impossibility of exercising jurisdiction over so vast an area. A new Panamanian *audiencia*, with jurisdiction over an area more nearly coinciding with the territory of present-day Panama, was established in 1563. The viceroy's position was revived for the rich empires of Mexico and Peru. After 1567 Panama was attached to the Viceroyalty of Peru but retained its own *audiencia*.

Beginning early in the sixteenth century, Nombre de Dios in Panama, Vera Cruz in Mexico, and Cartagena in Colombia were the only three ports in Spanish America authorized by the crown to trade with the homeland. By the mid-1560s, the system became regularized, and two fleets sailed annually from Spain, one to Mexico, and the other to southern ports. These fleets would then rendezvous at Havana and return together to Cádiz, Spain. In principle, this rigid system remained in effect until the eighteenth century. From the middle of the seventeenth century, however, as the strength and prosperity of Spain declined, annual visits became the exception.

Shipments of bullion and goods were to be delivered to Panama on the Pacific side for transport over the isthmus and return to Spain. Panama's own contribution to the loading of the fleet was relatively small. Gold production was never great, and little exportable surplus of agricultural and forest products was available.

Nothing was manufactured; in fact, Spain discouraged the production of finished goods. The colony's prosperity, therefore, fluctuated with the volume of trade, made up largely of Peruvian shipments. When the Inca gold was exhausted, great quantities of silver mined in Peru replaced gold in trade for 150 years, supplemented eventually by sugar, cotton, wine, indigo, cinchona, vanilla, and cacao.

Except for traffic in African slaves, foreign trade was forbidden unless the goods passed through Spain. Africans were brought to the colonies on contract (*asiento*) by Portuguese, English, Dutch, and French slavers, who were forbidden to trade in any other commodities. Spanish efforts to retain their monopoly on the rich profits from trade with their colonies provided a challenge to the rising maritime nations of Europe. Intermittent maritime warfare resulted in the Caribbean and later in the Pacific. The first serious interference with trade came from the English.

From 1572 to 1597, Francis Drake was associated with most of the assaults on Panama. Drake's activities demonstrated the indefensibility of the open roadstead of Nombre de Dios. In 1597 the Atlantic terminus of the trans-isthmian route was moved to Portobelo, one of the best natural harbors anywhere on the Spanish Main (the mainland of Spanish America).

Despite raids on shipments and ports, the registered legal import of precious metals increased threefold between 1550 and 1600. Panama's prosperity was at its peak during the first part of the seventeenth century. This was the time of the famous *ferias* (fairs, or exchange markets) of Portobelo, where European merchandise could be purchased to supply the commerce of the whole west coast south of Nicaragua. When a *feria* ended, Portobelo would revert to its quiet existence as a small seaport and garrison town.

Panama City also flourished on the profits of trade. Following reconstruction after a serious fire in 1644, contemporary accounts credit Panama City with 1,400 residences "of all types" (probably including slave huts); most business places, religious houses, and substantial residences were rebuilt of stone. Panama City was considered, after Mexico City and Lima, the most beautiful and opulent settlement in the West Indies.

Interest in a canal project was revived early in the seventeenth century by Philip III of Spain (1598-1621). The Council of the Indies dissuaded the king, arguing that a canal would draw attack from other European nations—an indication of the decline of Spanish sea power.

During the first quarter of the seventeenth century, trade between Spain and the isthmus remained undisturbed. At the same time,

England, France, and the Netherlands, one or all almost constantly at war with Spain, began seizing colonies in the Caribbean. Such footholds in the West Indies encouraged the development of the buccaneers—English, French, Dutch, and Portuguese adventurers who preyed on Spanish shipping and ports with the tacit or open support of their governments. Because of their numbers and the closeness of their bases, the buccaneers were more effective against Spanish trade than the English had been during the previous century.

The volume of registered precious metal arriving in Spain fell from its peak in 1600; by 1660 volume was less than the amount registered a century before. Depletion of Peruvian mines, an increase in smuggling, and the buccaneers were causes of the decline.

Henry Morgan, a buccaneer who had held Portobelo for ransom in 1668, returned to Panama with a stronger force at the end of 1670. On January 29, 1671, Morgan appeared at Panama City. With 1,400 men he defeated the garrison of 2,600 in pitched battle outside the city, which he then looted. The officials and citizens fled, some to the country and others to Peru, having loaded their ships with the most important church and government funds and treasure. Panama City was destroyed by fire, probably from blown up powder stores, although the looters were blamed. After 4 weeks, Morgan left with 175 mule loads of loot and 600 prisoners. Two years later, a new city was founded at the location of the present-day capital and was heavily fortified.

The buccaneer scourge rapidly declined after 1688 mainly because of changing European alliances. By this time Spain was chronically bankrupt; its population had fallen; and it suffered internal government mismanagement and corruption.

Influenced by buccaneer reports about the ease with which the isthmus could be crossed—which suggested the possibility of digging a canal—William Paterson, founder and ex-governor of the Bank of England, organized a Scottish company to establish a colony in the San Blas area. Paterson landed on the Caribbean coast of the Darién late in 1698 with about 1,200 persons. Although well received by the Indians (as was anyone not Spanish), the colonists were poorly prepared for life in the tropics with its attendant diseases. Their notion of trade goods—European clothing, wigs, and English Bibles—was of little interest to the Indians. These colonists gave up after 6 months, unknowingly passing at sea reinforcements totaling another 1,600 people. The Spanish reacted to these new arrivals by establishing a blockade from the sea. The English capitulated and left in April 1700, having lost many lives, mostly from malnutrition and disease.

In Spain Bourbon kings replaced the Hapsburgs in 1700, and some liberalization of trade was introduced. These measures were too late for Panama, however. Spain's desperate efforts to maintain its colonial trade monopoly had been self-defeating. Cheaper goods supplied by England, France, and the Netherlands were welcomed by colonial officials and private traders alike. Dealing in contraband increased to the detriment of official trade. Fewer merchants came to the Portobelo *feria* to pay Spain's inflated prices because the foreign suppliers furnished cheaper goods at any port at which they could slip by or bribe the coastal guards. The situation worsened; only five of the previously annual fleets were dispatched to Latin America between 1715 and 1736, a circumstance that increased contraband operations.

Panama's temporary loss of its independent *audiencia*, from 1718 to 1722, and the country's attachment to the Viceroyalty of Peru were probably engineered by powerful Peruvian merchants. They resented the venality of Panamanian officials and their ineffectiveness in suppressing the pirates (outlaws of no flag, as distinct from the buccaneers of the seventeenth century). Panama's weakness was further shown by its inability to protect itself against an invasion by the Miskito Indians of Nicaragua, who attacked from Laguna de Chiriquí. Another Indian uprising in the valley of the Río Tuira caused the whites to abandon the Darién.

The final blow to Panama's shrinking control of the transit trade between Latin America and Spain came before the mid-eighteenth century. As a provision of the Treaty of Utrecht at the end of the War of the Spanish Succession in 1713, Britain secured the right to supply African slaves to the Spanish colonies (4,800 a year for 30 years) and also to send 1 ship a year to Portobelo. The slave trade provision evidently satisfied both countries, but the trade in goods did not. Smuggling by British ships continued, and a highly organized contraband trade based in Jamaica—with the collusion of Panamanian merchants—nearly wiped out the legal trade. By 1739 the importance of the isthmus to Spain had seriously declined; Spain again suppressed Panama's autonomy by making the region part of the Viceroyalty of New Granada (encompassing present-day Colombia, Venezuela, Ecuador, and Panama).

In the same year, war broke out between Britain and Spain. A British military force took Portobelo and destroyed it. Panamanian historians maintain that this attack diverted Spanish trade from the trans-isthmian route. The Seville-Cádiz monopoly of colonial trade had been breached by royal decrees earlier in the century, and precedent was thus furnished for the merchants of the Latin American colonies to agitate for direct trade with Spain and for

intercolonial trade. After 1740 the Pacific coast ports were permitted to trade directly via ships rounding Cape Horn, and the Portobelo *feria* was never held again.

Relaxing the trading laws benefited both Spanish America and Spain, but Panama's economic decline was serious. Transit trade had for so long furnished the profits on which Panama had flourished that there had been no incentive to develop any other economic base. After the suppression of its *audiencia* in 1751, Panama became a quiet backwater, a geographically isolated appendage of New Granada, scarcely self-supporting even in food and producing little for export.

In 1793, near the close of the colonial period, the first recorded attempt at a comprehensive census of the area that had comprised the Panamanian *audiencia* was made. Incomplete and doubtless omitting most of the Indian and *cimarrón* population, specifically excluding soldiers and priests, the census recorded 71,888 inhabitants, 7,857 of whom lived in Panama City. Other principal towns had populations ranging from 2,000 to a little over 5,000.

Social hierarchy in the colony was rigid. The most prestigious and rewarding positions were reserved for the *peninsulares*, those actually born in Spain. Criollos, those of Spanish ancestry but born in the colonies, occupied secondary posts in government and trade. Mestizos, usually offspring of Hispanic fathers and Indian mothers, engaged in farming, retail trade, and the provision of services. African and Indian slaves constituted an underclass. To the extent possible, Indians who escaped enslavement avoided Hispanic society altogether.

The church held a special place in society. Priests accompanied every expedition and were always counselors to the temporal leaders. The first bishop on the mainland came with Pedrarias. The bishop's authority, received from the king, made him in effect a vice governor. The bishopric was moved from Darién to Panama City in 1521. The relationship between church and government in the colony was closer than in Spain. Both the Roman Catholic Church and the monastic orders gained great wealth through tithes and land acquisition.

The Colombia Department

Independence from Spain

Lacking communication except by sea, which the Spanish generally controlled, Panama remained aloof from the early efforts of the Spanish colonies to separate from Spain. Revolutionaries of other colonies, however, did not hesitate to use Panama's strategic



Church of Natá, built in 1522; believed to be the oldest church still in use on the mainland of the Americas

potential as a pawn in revolutionary maneuvers. General Francisco Miranda of Venezuela, who had been attracting support for revolutionary activities as early as 1797, offered a canal concession to Britain in return for aid. Thomas Jefferson, while minister to France, also showed interest in a canal, but the isolationist policies of the new United States and the absorption of energies and capital in continental expansion prevented serious consideration.

Patriots from Cartagena attempted to take Portobelo in 1814 and again in 1819, and a naval effort from liberated Chile succeeded in capturing the island of Taboga in the Bay of Panama. Panama's first act of separation from Spain came without violence. When Simón Bolívar's victory at Boyacá on August 7, 1819, clinched the liberation of New Granada, the Spanish viceroy fled Colombia for Panama, where he ruled harshly until his death in 1821. His replacement in Panama, a liberal constitutionalist, permitted a free press and the formation of patriotic associations. Raising troops locally, he soon sailed for Ecuador, leaving a native Panamanian, Colonel Edwin Fábrega, as acting governor.

Panama City immediately initiated plans to declare independence, but the city of Los Santos preempted the move by proclaiming freedom from Spain on November 10, 1821. This act precipitated a meeting in Panama City on November 28, which is celebrated as the official date of independence. Considerable

discussion followed as to whether Panama should remain part of Colombia (then comprising both the present-day country and Venezuela) or unite with Peru. The bishop of Panama, a native Peruvian who realized the commercial ties that could be developed with his country, argued for the latter solution but was voted down. A third possible course of action, a union with Mexico proposed by emissaries of that country, was rejected.

Panama thus became part of Colombia, then governed under the 1821 Constitution of Cúcuta, and was designated a department with two provinces, Panamá and Veraguas. With the addition of Ecuador to the liberated area, the whole country became known as Gran Colombia. Panama sent a force of 700 men to join Bolívar in Peru, where the war of liberation continued.

The termination of hostilities against the royalists in 1824 failed to bring tranquillity to Gran Colombia. The constitution that Bolívar had drafted for Bolivia was put forward by him to be adopted in Gran Colombia. The country was divided principally over the proposal that a president would serve for life. The president would not be responsible to the legislature and would have power to select his vice president. Other provisions, generally centralist in their tendencies, were repugnant to some, while a few desired a monarchy. Panama escaped armed violence over the constitutional question but joined other regions in petitioning Bolívar to assume dictatorial powers until a convention could meet. Panama announced its union with Gran Colombia as a "Hanseatic State," i.e., as an autonomous area with special trading privileges, until the convention was held.

In 1826 Bolívar honored Panama when he chose it as the site for a congress of the recently liberated Spanish colonies. Many leaders of the revolutions in Latin America considered the establishment of a single government for the former Spanish colonies the natural follow-up to driving out the *peninsulares*. Both José de San Martín and Miranda proposed creating a single vast monarchy ruled by an emperor descended from the Incas. Bolívar, however, was the one who made the most serious attempt to unite the Spanish American republics.

Although the league or confederation envisioned by Bolívar was to foster the blessings of liberty and justice, a primary purpose was to secure the independence of the former colonies from renewed attacks by Spain and its allies. In this endeavor Bolívar sought Britain's protection. He was reluctant to invite representatives of the United States, even as observers, to the congress of plenipotentiaries lest their collaboration compromise the league's position with the British. Furthermore, Bolívar felt that the neutrality of the

United States in the war between Spain and its former colonies would make its representation inappropriate. In addition, slavery in the United States would be an obstacle in discussing the abolition of the African slave trade. Bolívar nevertheless acquiesced when the governments of Colombia, Mexico, and Central America (see Glossary) invited the United States to send observers.

Despite the sweeping implications of the Monroe Doctrine, President John Quincy Adams—in deciding to send delegates to the Panama conference—was not disposed to obligate the United States to defend its southern neighbors. Adams instructed his delegates to refrain from participating in deliberations concerning regional security and to emphasize discussions of maritime neutrality and commerce. Nevertheless, many members of the United States Congress opposed participation under any conditions. By the time participation was approved, the delegation had no time to reach the conference. The British and Dutch sent unofficial representatives.

The Congress of Panama, which convened in June and adjourned in July of 1826, was attended by four American states—Mexico, Central America, Colombia, and Peru. The “Treaty of Union, League, and Perpetual Confederation” drawn up at that congress would have bound all parties to mutual defense and to the peaceful settlement of disputes. Furthermore, because some feared that monarchical elements sympathetic to Spain and its allies might regain control of one of the new republics, the treaty included a provision that if a member state substantially changed its form of government, it would be excluded from the confederation and could be readmitted only with the unanimous consent of all other members.

The treaty was ratified only by Colombia and never became effective. Bolívar, having made several futile attempts to establish lesser federations, declared shortly before his death in 1830 that “America is ungovernable; those who served the revolution have plowed the sea.” Despite his disillusion, however, he did not see United States protection as a substitute for collective security arrangements among the Spanish-speaking states. In fact, he is credited with having said, “The United States seems destined by Providence to plague America with misery in the name of Liberty.”

Three abortive attempts to separate the isthmus from Colombia occurred between 1830 and 1840. The first was undertaken by an acting governor of Panama who opposed the policies of the president, but the Panamanian leader reincorporated the department of Panama at the urging of Bolívar, then on his deathbed. The second attempted separation was the scheme of an unpopular dictator, who was soon deposed and executed. The third secession,

a response to civil war in Colombia, was declared by a popular assembly, but reintegration took place a year later.

The California Gold Rush and the Railroad

Even before the United States acquired California after the Mexican War (1846–48), many heading for California used the isthmus crossing in preference to the long and dangerous wagon route across the vast plains and rugged mountain ranges. Discovery of gold in 1848 increased traffic greatly. In 1847 a group of New York financiers organized the Panama Railroad Company. This company secured an exclusive concession from Colombia allowing construction of a crossing, which might be by road, rail, river, or a combination. After surveys, a railroad was chosen, and a new contract so specifying was obtained in 1850. The railroad track followed generally the line of the present canal. The first through train from the Atlantic to the Pacific side ran on the completed track on January 28, 1855.

The gold rush traffic, even before the completion of the railroad, restored Panama's prosperity. Between 1848 and 1869, about 375,000 persons crossed the isthmus from the Atlantic to the Pacific, and 225,000 crossed in the opposite direction. Prices for food and services were greatly inflated, producing enormous profits from meals and lodging.

The railroad also created a new city and port at the Atlantic terminus of the line. The town that immediately sprang up to accommodate the railroad offices, warehouses, docks, and shops and to lodge both railroad workers and passengers soon became, and remains, the second largest in the country. United States citizens named it Aspinwall, after one of the founders of the Panama Railroad Company, but the Panamanians christened it Colón, in honor of Columbus. Both names were used for many years, but because the Panamanians insisted that no such place as Aspinwall existed and refused to deliver mail so addressed, the name Colón prevailed.

The gold rush and the railroad also brought the United States "Wild West" to the isthmus. The forty-niners tended to be an unruly lot, usually bored as they waited for a ship to California, frequently drunk, and often armed. Many also displayed prejudice verging on contempt for other races and cultures. The so-called Watermelon War of 1856, in which at least sixteen persons were killed, was the most serious clash of races and cultures of the period.

In 1869 the first transcontinental railroad was completed in the United States. This development reduced passenger and freight traffic across the isthmus and diminished the amount of gold and silver shipped east. During the height of the gold rush, however,

from 1855 to 1858, only one-tenth of the ordinary commercial freight was destined for or originated in California. The balance concerned trade of the North Americans with Europe and Asia. The railroad company, because of its exceptionally high return on a capitalization that never exceeded US\$7 million, paid a total of nearly US\$38 million in dividends between 1853 and 1905. Panama received US\$25,000 from Colombia's annuity and benefited from transient trade and some inflow of capital.

The Uncompleted French Canal

Throughout the nineteenth century, governments and private investors in the United States, Britain, and France intermittently displayed interest in building a canal across the Western Hemisphere. Several sites were considered, but from the start the ones in Nicaragua and Panama received the most serious attention. President Andrew Jackson sent Charles A. Biddle as his emissary in the 1830s to investigate both routes, but the project was aborted when Biddle abandoned his government mission and negotiated instead with Colombian capitalists for a private concession.

Nevertheless, Colombia continued to express interest in negotiating with the United States on building a canal. The two countries signed a treaty in 1846. The treaty removed the existing restrictive tariffs and gave the United States and its citizens the right of free transit of persons and goods over any road or canal that might be constructed in the isthmus. In addition, the United States guaranteed the neutrality of the isthmus and Colombia's sovereignty over it, with a view to ensuring uninterrupted transit for the duration of the treaty, which was to be twenty years or as long thereafter as the parties gave no notice to revise it. Called the Bidlack-Mallarino Treaty of 1846, it was actually ratified and became effective in 1848.

Because the canal interests of Britain and the United States had continued to clash, particularly in Nicaragua, Britain and the United States sought to ease tensions by entering into the Clayton-Bulwer Treaty of 1850. The governments agreed specifically that neither would acquire rights to or construct a Nicaraguan canal without the participation of the other. This general principle was extended to any canal or railroad across Central America, to include the Isthmus of Tehuantepec in Mexico and Panama. In effect, since neither government was then willing or able to begin a canal, the treaty was for the time an instrument of neutrality.

Colombia's attempt to attract canal interest finally brought French attention to bear on Panama. After several surveys, a concession of exclusive rights was obtained from Colombia, and a

company was formed in 1879 to construct a sea-level canal generally along the railroad route. Ferdinand de Lesseps, of Suez Canal fame, headed the company. The terms of the concession required completion in twelve years, with the possibility of a six-year extension at Colombia's discretion. The lease was for ninety years and was transferable, but not to any foreign government. The company also purchased most of the stock of the Panama Railroad Company, which, however, continued to be managed by Americans.

A ceremonious commencement of work was staged by de Lesseps on January 1, 1880, but serious earth moving did not start until the next year. As work progressed, engineers judged that a sea-level canal was impracticable. De Lesseps, a promoter but not an engineer, could not be convinced until work had gone on for six years. Actual labor on a lock canal did not start until late in 1888, by which time the company was in serious financial difficulty. At the peak of its operations the company employed about 10,000 workers.

De Lesseps had to contend not only with enemies who hampered financing by spreading rumors of failure and dumping stocks and bonds on the market but also with venal French politicians and bureaucrats who demanded large bribes for approving the issue of securities. His efforts to get the French government to guarantee his bonds were blocked by the United States, on the grounds that such action would lead to government control in violation of the Monroe Doctrine. The end result in January 1889 was the appointment of a receiver to liquidate the company, whereupon all work stopped.

Despite the French company's disastrous financial experience, an estimated two-fifths of the excavation necessary for the eventual canal had been completed. Many headquarters and hospital buildings were finished. Some of the machinery left on the site was usable later, and the railroad had been maintained. Another legacy of the French company's bankruptcy was a large labor force, now unemployed, mostly Antillean blacks. More than half were repatriated, but thousands remained, many of whom eventually worked on the United States canal.

The Spillover from Colombia's Civil Strife

During the last half of the nineteenth century, violent clashes between the supporters of the Liberal and Conservative parties in Colombia left the isthmus's affairs in constant turmoil. Local self-government for the department of Panama was extended when the Liberals were in power and withdrawn when the Conservatives prevailed. The Catholic Church was disestablished under the

Liberals and reestablished under the Conservatives. The fortunes of local partisans rose and fell abruptly and often violently.

According to one estimate, the period witnessed forty administrations of the Panamanian department, fifty riots and rebellions, five attempted secessions, and thirteen interventions by the United States, acting under the provisions of the Bidlack-Mallarino Treaty. Partisan clashes and foreign intervention exacerbated racial antagonisms and economic problems and intensified grievances against the central government of Colombia.

Between 1863 and 1886, the isthmus had twenty-six presidents. Coups d'état, rebellions, and violence were almost continuous, staged by troops of the central government, by local citizens against centrally imposed edicts, and by factions out of power. The chaotic conditions that had prevailed under the federalist constitution of 1863 culminated in the 1884 election of Rafael Núñez as president of Colombia, supported by a coalition of moderate Liberals and Conservatives. Núñez called all factions to participate in a new constituent assembly, but his request was met by an armed revolt of the radical Liberals.

Early in 1885, a revolt headed by a radical Liberal general and centered in Panama City developed into a three-way fight. Colón was virtually destroyed. United States forces landed at the request of the Colombian government but were too late to save the city. Millions of dollars in claims were submitted by companies and citizens of the United States, France, and Britain, but Colombia successfully pleaded its lack of responsibility.

Additional United States naval forces occupied both Colón and Panama City and guarded the railroad to ensure uninterrupted transit until Colombian forces landed to protect the railroad. The new constitution of 1886 established the Republic of Colombia as a unitary state; departments were distinctly subordinate to the central government, and Panama was singled out as subject to the direct authority of the government. The United States consul general reported that three-quarters of the Panamanians wanted independence from Colombia and would revolt if they could get arms and be sure of freedom from United States intervention.

Panama was drawn into Colombia's War of a Thousand Days (1899-1902) by rebellious radical Liberals who had taken refuge in Nicaragua. As in the rest of Colombia, opinion in Panama was divided, and revolts in the southwest had hardly been suppressed when Liberals from Nicaragua invaded the Pacific coastal region and nearly succeeded in taking Panama City in mid-1900. The fortunes of war varied, and although a local armistice gave supporters of the Colombian government temporary security in the

Panama City-Colón region, the rebels were in control throughout the isthmus. Meanwhile, by early 1902 the rebels had been defeated in most of Colombia proper. At that point, the Colombian government asked the United States to intercede and bring about an armistice in Panama, which was arranged aboard the U.S.S. *Wisconsin* in the Bay of Panama in 1902.

Throughout the period of turmoil, the United States had retained its interest in building a canal through either Nicaragua or Panama. An obstacle to this goal was overcome in December 1901 when the United States and Britain signed the Hay-Pauncefote Treaty. This treaty nullified the provisions of the Clayton-Bulwer Treaty of 1850 and signified British acceptance of a canal constructed solely by or under the auspices of the United States with guarantees of neutrality.

The United States Protectorate

The 1903 Treaty and Qualified Independence

Naval operations during the Spanish-American War (1898-99) served to convince President Theodore Roosevelt that the United States needed to control a canal somewhere in the Western Hemisphere. This interest culminated in the Spooner Bill of June 29, 1902, providing for a canal through the isthmus of Panama, and the Hay-Herrán Treaty of January 22, 1903, under which Colombia gave consent to such a project in the form of a 100-year lease on an area 10 kilometers wide. This treaty, however, was not ratified in Bogotá, and the United States, determined to construct a canal across the isthmus, intensively encouraged the Panamanian separatist movement.

By July 1903, when the course of internal Colombian opposition to the Hay-Herrán Treaty became obvious, a revolutionary junta had been created in Panama. José Augustin Arango, an attorney for the Panama Railroad Company, headed the junta. Manuel Amador Guerrero and Carlos C. Arosemena served on the junta from the start, and five other members, all from prominent Panamanian families, were added. Arango was considered the brains of the revolution, and Amador was the junta's active leader.

With financial assistance arranged by Philippe Bunau-Varilla, a French national representing the interests of de Lesseps's company, the native Panamanian leaders conspired to take advantage of United States interest in a new regime on the isthmus. In October and November 1903, the revolutionary junta, with the protection of United States naval forces, carried out a successful uprising

against the Colombian government. Acting, paradoxically, under the Bidlack-Mallarino Treaty of 1846 between the United States and Colombia—which provided that United States forces could intervene in the event of disorder on the isthmus to guarantee Colombian sovereignty and open transit across the isthmus—the United States prevented a Colombian force from moving across the isthmus to Panama City to suppress the insurrection.

President Roosevelt recognized the new Panamanian junta as the *de facto* government on November 6, 1903; *de jure* recognition came on November 13. Five days later Bunau-Varilla, as the diplomatic representative of Panama (a role he had purchased through financial assistance to the rebels), concluded the Isthmian Canal Convention with Secretary of State John Hay in Washington. Bunau-Varilla had not lived in Panama for seventeen years before the incident, and he never returned. Nevertheless, while residing in the Waldorf-Astoria Hotel in New York City, he wrote the Panamanian declaration of independence and constitution and designed the Panamanian flag. Isthmian patriots particularly resented the haste with which Bunau-Varilla concluded the treaty, an effort partially designed to preclude any objections an arriving Panamanian delegation might raise. Nonetheless, the Panamanians, having no apparent alternative, ratified the treaty on December 2, and approval by the United States Senate came on February 23, 1904.

The rights granted to the United States in the so-called Hay-Bunau-Varilla Treaty were extensive. They included a grant “in perpetuity of the use, occupation, and control” of a sixteen-kilometer-wide strip of territory and extensions of three nautical miles into the sea from each terminal “for the construction, maintenance, operation, sanitation, and protection” of an isthmian canal.

Furthermore, the United States was entitled to acquire additional areas of land or water necessary for canal operations and held the option of exercising eminent domain in Panama City. Within this territory Washington gained “all the rights, power, and authority . . . which the United States would possess and exercise if it were the sovereign . . . to the entire exclusion” of Panama.

The Republic of Panama became a *de facto* protectorate of the larger country through two provisions whereby the United States guaranteed the independence of Panama and received in return the right to intervene in Panama’s domestic affairs. For the rights it obtained, the United States was to pay the sum of US\$10 million and an annuity, beginning 9 years after ratification, of US\$250,000 in gold coin. The United States also purchased the

rights and properties of the French canal company for US\$40 million.

Colombia was the harshest critic of United States policy at the time. A reconciliatory treaty with the United States providing an indemnity of US\$25 million was finally concluded between these two countries in 1921. Ironically, however, friction resulting from the events of 1903 was greatest between the United States and Panama. Major disagreements arose concerning the rights granted to the United States by the treaty of 1903 and the Panamanian constitution of 1904. The United States government subsequently interpreted these rights to mean that the United States could exercise complete sovereignty over all matters in the Canal Zone. Panama, although admitting that the clauses were vague and obscure, later held that the original concession of authority related only to the construction, operation, and defense of the canal and that rights and privileges not necessary to these functions had never been relinquished.

Organizing the New Republic

The provisional governing junta selected when independence was declared governed the new state until a constitution was adopted in 1904. Under its terms, Amador became Panama's first president.

The constitution was modeled, for the most part, after that of the United States, calling for separation of powers and direct elections for the presidency and the legislature, the National Assembly. The assembly, however, elected three persons to stand in the line of succession to the presidency. This provision remained in effect until 1946, when a new constitution provided for direct election of the vice president. The new republic was unitary; municipalities were to elect their own officials, but provincial authorities were to be appointed by the central government. The most controversial provision of the constitution was that which gave the United States the right to intervene to guarantee Panamanian sovereignty and to preserve order.

A two-party system of Liberals and Conservatives was inherited from Colombia, but the party labels had even less precise or ideological meaning in Panama than they had in the larger country. By the early 1920s, most of the Conservative leaders of the independence generation had died without leaving political heirs. Thus, cleavages in the Liberal Party led to a new system of personalistic parties in shifting coalitions, none of which enjoyed a mass base. Politics remained the exclusive preserve of the oligarchy, which tended to be composed of a few wealthy, white families.

Having successfully severed their ties with Colombia, the secessionists of Panama's central government were soon faced with a secessionist problem of their own. The Cuna of the San Blas Islands were unwilling to accept the authority of Panama, just as they had been unwilling to accept the authority of Colombia or Spain. The Panamanian government exercised no administrative control over the islands until 1915, when a departmental government was established; its main office was in El Porvenir. At that time, forces of the Colonial Police, composed of blacks, were stationed on several islands. Their presence, along with a number of other factors, led to a revolt in 1925.

In 1903 on the island of Narganá, Charlie Robinson was elected chief. Having spent many years on a West Indian ship, he began a "civilizing" program. His cause was later taken up by a number of young men who had been educated in the cities on the mainland. These Young Turks advocated forcibly removing nose rings, substituting dresses for *molas* (see Glossary), and establishing dance halls like those in the cities. They were actively supported by the police, who arrested men who did not send their daughters to the dance hall; the police also allegedly raped some of the Indian women. By 1925 hatred for these modernizers and for the police was intense throughout the San Blas Islands.

The situation was further complicated by the factionalism that resulted when Panama separated from Colombia. The leader of one of these factions, Simral Coleman, with the help of a sympathetic American explorer, Richard Marsh, drew up a "declaration of independence" for the Cuna, and on February 25, 1925, the rebellion was underway. During the course of the rebellion, about twenty members of the police were killed. A few days later a United States cruiser appeared; with United States diplomatic and naval officials serving as intermediaries, a peace treaty was concluded. The most important outcome of this rebellion against Panama was a treaty that in effect recognized San Blas as a semi-autonomous territory.

Building the Canal

When the United States canal builders arrived in 1904 to begin their momentous task, Panama City and Colón were both small, squalid towns. A single railroad stretched between the towns, running alongside the muddy scars of the abortive French effort. The new builders were haunted by the ghosts of de Lesseps's failure and of the workers, some 25,000 of whom had died on the project. These new builders were able, however, to learn from de Lesseps's mistakes and to build on the foundations of the previous engineering.

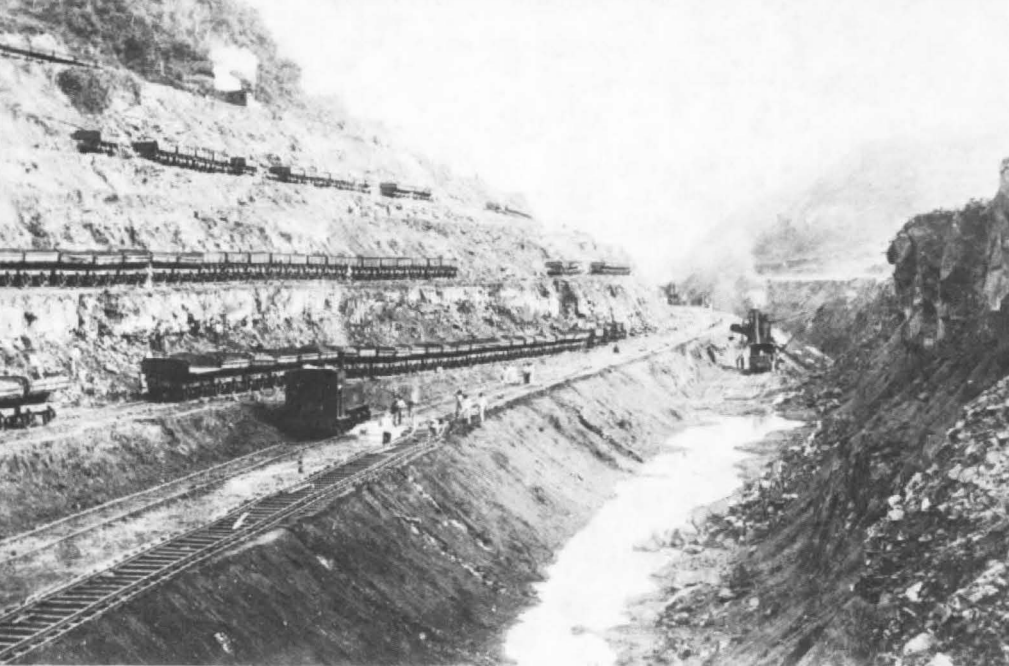
The most formidable task that the North Americans faced was that of ridding the area of deadly mosquitoes.

After a couple of false starts under a civilian commission, President Roosevelt turned the project over to the United States Army Corps of Engineers, guided by Colonel George Washington Goethals. Colonel William Crawford Gorgas was placed in charge of sanitation. In addition to the major killers—malaria and yellow fever—smallpox, typhoid, dysentery, and intestinal parasites threatened the newcomers.

Because the mosquito carrying yellow fever was found in urban areas, Gorgas concentrated his main efforts on the terminal cities. “Gorgas gangs” dug ditches to drain standing water and sprayed puddles with a film of oil. They screened and fumigated buildings, even invading churches to clean out the fonts of holy water. They installed a pure water supply and a modern system of sewage disposal. Goethals reportedly told Gorgas that every mosquito killed was costing the United States US\$10. “I know, Colonel,” Gorgas reportedly replied, “but what if one of those ten-dollar mosquitoes were to bite you?” Gorgas’s work is credited with saving at least 71,000 lives and some 40 million days of sickness. The cleaner, safer conditions enabled the canal diggers to attract a labor force. By 1913 approximately 65,000 men were on the payroll. Most were West Indians, although some 12,000 workers were recruited from southern Europe. Five thousand United States citizens filled the administrative, professional, and supervisory jobs. To provide these men with the comforts and amenities to which they were accustomed, a paternalistic community was organized in the Canal Zone.

The most challenging tasks involved in the actual digging of the canal were cutting through the mountain ridge at Culebra; building a huge dam at Gatún to trap the Río Chagres and form an artificial lake; and building three double sets of locks—Gatun Locks, Pedro Miguel Locks, and Miraflores Locks—to raise the ships to the lake, almost twenty-six meters above sea level, and then lower them. On August 15, 1914, the first ship made a complete passage through the canal.

By the time the canal project was completed, its economic impact had created a new middle class. In addition, new forms of discrimination occurred. Panamanian society had become segregated not only by class but by race and national origin as well (see *Ethnic Groups and Social Organization*, ch. 2). Furthermore, United States commercial competition and political intervention had already begun to generate resentment among Panamanians.



*Excavation for the Panama Canal
at the Culebra Cut, December 1904
Courtesy National Archives*

United States Intervention and Strained Relations

In the very first year of the Hay-Bunau-Varilla Treaty, dissension had already arisen over the sovereignty issue. Acting on an understanding of its rights, the United States had applied special regulations to maritime traffic at the ports of entry to the canal and had established its own customs, tariffs, and postal services in the zone. These measures were opposed by the Panamanian government.

Mounting friction finally led Roosevelt to dispatch Secretary of War William Howard Taft to Panama in November 1904. His visit resulted in a compromise agreement, whereby the United States retained control of the ports of Ancón and Cristóbal, but their facilities might be used by any ships entering Panama City and Colón. The agreement also involved a reciprocal reduction of tariffs and the free passage of persons and goods from the Canal Zone into the republic. Compromises were reached in other areas, and both sides emerged with most of their grievances blunted if not wholly resolved.

Before the first year of independence had passed, the intervention issue also complicated relations. Threats to constitutional government in the republic by a Panamanian military leader,

General Estéban Huertas, had resulted, at the suggestion of the United States diplomatic mission, in disbanding the Panamanian army in 1904. The army was replaced by the National Police, whose mission was to carry out ordinary police work. By 1920 the United States had intervened four times in the civil life of the republic. These interventions involved little military conflict and were, with one exception, at the request of one Panamanian faction or another.

The internal dynamics of Panamanian politics encouraged appeals to the United States by any currently disgruntled faction for intervention to secure its allegedly infringed rights. United States diplomatic personnel in Panama also served as advisers to Panamanian officials, a policy resented by nationalists. In 1921 the issue of intervention was formally raised by the republic's government. When asked for a definitive, written interpretation of the pertinent treaty clauses, Secretary of State Charles Evans Hughes pointed to inherent difficulties and explained that the main objectives of the United States were to act against any threat to the Canal Zone or the lives and holdings of non-Panamanians in the two major cities.

Actual intervention took several forms. United States officials supervised elections at the request of incumbent governments. To protect lives of United States citizens and property in Chiriquí Province, an occupation force was stationed there for two years over the protests of Panamanians who contended that the right of occupation could apply only to the two major cities. United States involvement in the 1925 rent riots in Panama City was also widely resented. After violent disturbances during October, and at the request of the Panamanian government, 600 troops with fixed bayonets dispersed mobs threatening to seize the city.

At the end of the 1920s, traditional United States policy toward intervention was revised. In 1928 Secretary of State Frank B. Kellogg reiterated his government's refusal to countenance illegal changes of government. In the same year, however, Washington declined to intervene during the national elections that placed Florencio H. Arosemena in office. The Arosemena government was noted for its corruption. But when a coup d'état was undertaken to unseat Arosemena, the United States once again declined to intervene. Though no official pronouncement of a shift in policy had been made, the 1931 coup d'état—the first successful one in the republic's history—marked a watershed in the history of United States intervention.

Meanwhile, popular sentiment on both sides calling for revisions to the treaty had resulted in the Kellogg-Alfaro Treaty of 1925. The United States in this instrument agreed to restrictions on

private commercial operations in the Canal Zone and also agreed to a tightening of the regulations pertaining to the official commissaries. At the same time, however, the United States gained several concessions involving security. Panama agreed to automatic participation in any war involving the United States and to United States supervision and control of military operations within the republic. These and other clauses aroused strong opposition and, amid considerable tumult, the National Assembly on January 26, 1927, refused to consider the draft treaty.

The abortive Kellogg-Alfaro Treaty involved the two countries in a critical incident with the League of Nations. During the fall of 1927, the League Assembly insisted that Panama could not legally participate in the proposed arrangement with the United States. The assembly argued that an automatic declaration of war would violate Panama's obligations under the League Covenant to wait three months for an arbitral decision on any dispute before resorting to war. The discussion was largely academic inasmuch as the treaty had already been effectively rejected, but Panama proposed that the dispute over sovereignty in the Canal Zone be submitted to international arbitration. The United States denied that any issue needed arbitration.

A New Accommodation

In the late 1920s, United States policymakers noted that nationalist aspirations in Latin America were not producing desired results. United States occupation of the Dominican Republic, Haiti, and Nicaragua had not spawned exemplary political systems, nor had widespread intervention resulted in a receptive attitude toward United States trade and investments. As the subversive activities of Latin American Nazi and Fascist sympathizers gained momentum in the 1930s, the United States became concerned about the need for hemispheric solidarity.

The gradual reversal of United States policy was heralded in 1928 when the Clark Memorandum was issued, formally disavowing the Roosevelt Corollary (see Glossary) to the Monroe Doctrine. In his inaugural address in 1933, President Franklin D. Roosevelt enunciated the Good Neighbor Policy. That same year, at the Seventh Inter-American Conference in Montevideo, the United States expressed a qualified acceptance of the principle of nonintervention; in 1936 the United States approved this principle without reservation.

In the 1930s, Panama, like most countries of the Western world, was suffering economic depression. Until that time, Panamanian politics had remained a competition among individuals and families

within a gentleman's club—specifically, the Union Club of Panama City. The first exception to this succession was Harmodio Arias Madrid (unrelated to the aristocratic family of the same name) who was elected to the presidency in 1932. A mestizo from a poor family in the provinces, he had attended the London School of Economics and had gained prominence through writing a book that attacked the Monroe Doctrine.

Harmodio and his brother Arnulfo, a Harvard Medical School graduate, entered the political arena through a movement known as Community Action (*Acción Communal*). Its following was primarily mestizo middle class, and its mood was antioligarchy and anti-Yankee (see Glossary). Harmodio Arias was the first Panamanian president to institute relief efforts for the isolated and impoverished countryside. He later established the University of Panama, which became the focal point for the political articulation of middle-class interests and nationalistic zeal.

Thus, a certain asymmetry developed in the trends underway in the 1930s that worked in Panama's favor. While the United States was assuming a more conciliatory stance, Panamanians were losing patience, and a political base for virulent nationalism was emerging.

A dispute arose in 1932 over Panamanian opposition to the sale of 3.2-percent beer in the Canal Zone competing with Panamanian beers. Tension rose when the governor of the zone insisted on formally replying to the protests, despite the Panamanian government's well-known view that proper diplomatic relations should involve only the United States ambassador. In 1933 when unemployment in Panama reached a dangerous level and friction over the zone commissaries rekindled, President Harmodio Arias went to Washington.

The result was agreement on a number of issues. The United States pledged sympathetic consideration of future arbitration requests involving economic issues that did not affect the vital aspects of canal operation. Special efforts were to be made to protect Panamanian business interests from the smuggling of cheaply purchased commissary goods out of the zone. Washington also promised to seek appropriations from Congress to sponsor the repatriation of the numerous immigrant canal workers, who were aggravating the unemployment situation. Most important, however, was President Roosevelt's acceptance, in a joint statement with Harmodio Arias, that United States rights in the zone applied only for the purposes of "maintenance, operation, sanitation, and protection" of the canal. The resolution of this long-standing issue, along with a clear recognition of Panama as a sovereign nation,

was a significant move in the direction of the Panamanian interpretation of the proper United States position in the isthmus.

This accord, though welcomed in Panama, came too early to deal with a major problem concerning the US\$250,000 annuity. The devaluation of the United States dollar in 1934 reduced its gold content to 59.6 percent of its former value. This meant that the US\$250,000 payment was nearly cut in half in the new devalued dollars. As a result, the Panamanian government refused to accept the annuity paid in the new dollars.

Roosevelt's visit to the republic in the summer of 1934 prepared the way for opening negotiations on this and other matters. A Panamanian mission arrived in Washington in November, and discussions on a replacement for the Hay-Bunau-Varilla Treaty continued through 1935. On March 2, 1936, Secretary of State Cordell Hull and Assistant Secretary of State Sumner Welles joined the Panamanian negotiators in signing a new treaty—the Hull-Alfaro Treaty—and three related conventions. The conventions regulated radio communications and provided for the United States to construct a new trans-isthmian highway connecting Panama City and Colón.

The treaty provided a new context for relations between the two countries. It ended the protectorate by abrogating the 1903 treaty guarantee of the republic's independence and the concomitant right of intervention. Thereafter, the United States would substitute negotiation and purchase of land outside the zone for its former rights of expropriation. The dispute over the annuity was resolved by agreeing to fix it at 430,000 balboas (the balboa being equivalent to the devalued dollar), which increased the gold value of the original annuity by US\$7,500. This was to be paid retroactively to 1934 when the republic had begun refusing the payments.

Various business and commercial provisions dealt with long-standing Panamanian complaints. Private commercial operations unconnected with canal operations were forbidden in the zone. This policy and the closing of the zone to foreign commerce were to provide Panamanian merchants with relief from competition. Free entry into the zone was provided for Panamanian goods, and the republic's customhouses were to be established at entrances to the zone to regulate the entry of goods finally destined for Panama.

The Hull-Alfaro revisions, though hailed by both governments, radically altered the special rights of the United States in the isthmus, and the United States Senate was reluctant to accept the alterations. Article X of the new treaty provided that in the event of any threat to the security of either nation, joint measures could be taken after consultation between the two. Only after an exchange

of interpretative diplomatic notes had permitted Senator Key Pittman, chairman of the Foreign Relations Committee, to advise his colleagues that Panama was willing under this provision to permit the United States to act unilaterally, did the Senate give its consent on July 25, 1939.

The Bisected Republic

The War Years

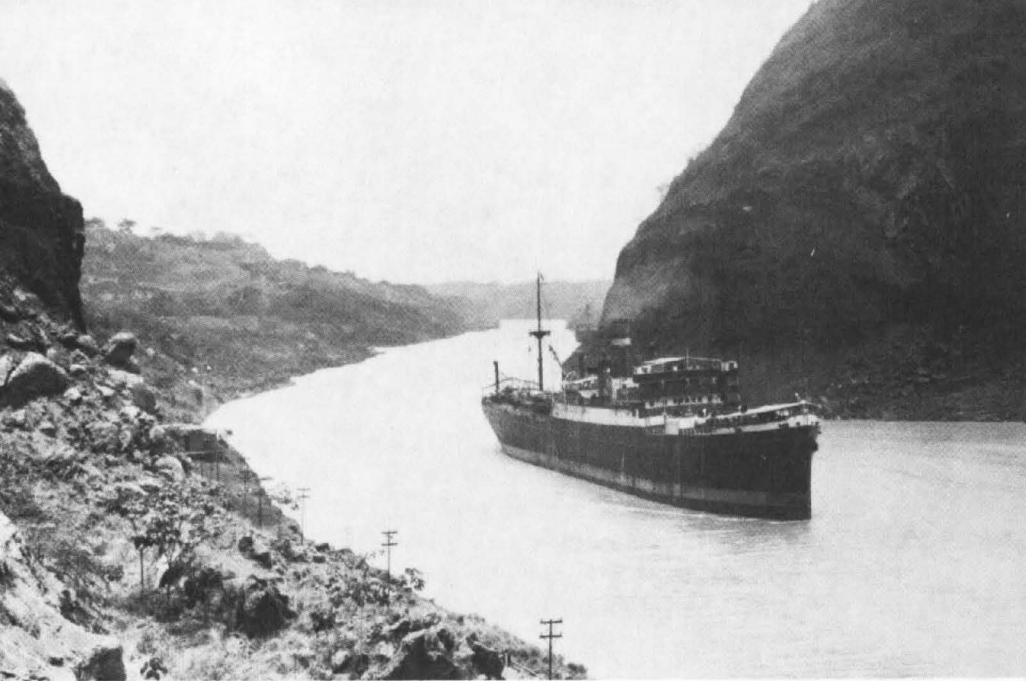
After ratifying the Hull-Alfaro Treaty in 1939, Panama and the United States began preparation for and collaboration in the coming war effort. Cooperation in this area proceeded smoothly for more than a year, with the republic participating in the series of conferences, declarations, and protocols that solidified the support of the hemisphere behind Washington's efforts to meet the threat of Axis aggression. This cooperation halted with the inauguration of Arnulfo Arias.

Arnulfo Arias was elected to the presidency at least three times after 1940 (perhaps four or five if, as many believe, the vote counts of 1964 and 1984 were fraudulent), but he was never allowed to serve a full term. He was first elected when he headed a mass movement known as Panameñismo. Its essence was nationalism, which in Panama's situation meant opposition to United States hegemony. Arias aspired to rid the country of non-Hispanics, which meant not only North Americans, but also West Indians, Chinese, Hindus, and Jews. He also seemed susceptible to the influence of Nazi and Fascist agents on the eve of the United States declaration of war against the Axis.

North Americans were by no means the only ones in Panama who were anxious to be rid of Arias. Even his brother, Harmodio, urged the United States embassy to move against the leader. United States officials made no attempt to conceal their relief when the National Police, in October 1941, took advantage of Arias's temporary absence from the country to depose him.

Arnulfo Arias had promulgated a new constitution in 1941, which was designed to extend his term of office. In 1945 a clash between Arias's successor, Ricardo Adolfo de la Guardia, and the National Assembly led to the calling of a constituent assembly that elected a new president, Enrique A. Jiménez, and drew up a new constitution. The constitution of 1946 erased the innovations introduced by Arias and restored traditional concepts and structures of government.

In preparation for war, the United States had requested 999-year leases on more than 100 bases and sites. Arias balked, but ultimately



*Ship passes through the Panama Canal
at the Gaillard Cut, Cucaracha Slide, June 1921
Courtesy National Archives*

approved a lease on one site after the United States threatened to occupy the land it wanted. De la Guardia proved more accommodating; he agreed to lease the United States 134 sites in the republic but not for 999 years. He would extend the leases only for the duration of the war plus one year beyond the signing of the peace treaty.

The United States transferred Panama City's water and sewer systems to the city administration and granted new economic assistance, but it refused to deport the West Indians and other non-Hispanics or to pay high rents for the sites. Among the major facilities granted to the United States under the agreement of 1942 were the airfield at Río Hato, the naval base on Isla Taboga, and several radar stations.

The end of the war brought another misunderstanding between the two countries. Although the peace treaty had not entered into effect, Panama demanded that the bases be relinquished, resting its claim on a subsidiary provision of the agreement permitting renegotiation after the cessation of hostilities. Overriding the desire of the United States War Department to hold most of the bases for an indefinite period, the Department of State took cognizance of growing nationalist dissatisfaction and in December 1946 sent Ambassador Frank T. Hines to propose a twenty-year extension

of the leases on thirteen facilities. President Jiménez authorized a draft treaty over the opposition of the foreign minister and exacerbated latent resentment. When the National Assembly met in 1947 to consider ratification, a mob of 10,000 Panamanians armed with stones, machetes, and guns expressed opposition. Under these circumstances the deputies voted unanimously to reject the treaty. By 1948 the United States had evacuated all occupied bases and sites outside the Canal Zone.

The upheaval of 1947 was instigated in large measure by university students. Their clash with the National Police on that occasion, in which both students and policemen were killed, marked the beginning of a period of intense animosity between the two groups. The incident was also the first in which United States intentions were thwarted by a massive expression of Panamanian^o rage.

The National Guard in Ascendance

A temporary shift in power from the civilian aristocracy to the National Police occurred immediately after World War II. Between 1948 and 1952, National Police Commander José Antonio Remón installed and removed presidents with unencumbered ease. Among his behind-the-scenes manipulations were the denial to Arnulfo Arias of the presidency he apparently had won in 1948, the installation of Arias in the presidency in 1949, and the engineering of Arias's removal from office in 1951. Meanwhile, Remón increased salaries and fringe benefits for his forces and modernized training methods and equipment; in effect, he transformed the National Police from a police into a paramilitary force. In the spheres of security and public order, he achieved his long-sought goal by transforming the National Police into the National Guard in 1953 and introduced greater militarization into the country's only armed force. The missions and functions were little changed by the new title, but for Remón, this change was a step toward a national army (see Historical Background, ch. 5).

From several preexisting parties and factions, Remón also organized the National Patriotic Coalition (Coalición Patriótica Nacional—CPN). He ran successfully as its candidate for the presidency in 1952. Remón followed national tradition by enriching himself through political office. He broke with tradition, however, by promoting social reform and economic development. His agricultural and industrial programs temporarily reduced the country's overwhelming economic dependence on the canal and the zone.

Remón's reformist regime was short-lived, however. In 1955 he was machine-gunned to death at the racetrack outside Panama City.

The first vice president, José Ramón Guizado, was impeached for the crime and jailed, but he was never tried, and the motivation for his alleged act remained unclear. Some investigators believed that the impeachment of Guizado was a smokescreen to distract attention from others implicated in the assassination, including United States organized crime figure “Lucky” Luciano, dissident police officers, and both Arias families. The second vice president, Ricardo Arias (of the aristocratic Arias family), served out the remainder of the presidential term and dismantled many of Remón’s reforms.

Remón did not live to see the culmination of the major treaty revision he initiated. In 1953 Remón had visited Washington to discuss basic revisions of the 1936 treaty. Among other things, Panamanian officials wanted a larger share of the canal tolls, and merchants continued to be unhappy with the competition from the nonprofit commissaries in the Canal Zone. Remón also demanded that the discriminatory wage differential in the zone, which favored United States citizens over Panamanians, be abolished.

After lengthy negotiations a Treaty of Mutual Understanding and Cooperation was signed on January 23, 1955. Under its provisions commercial activities not essential to the operation of the canal were to be cut back. The annuity was enlarged to US\$1,930,000. The principle of “one basic wage scale for all . . . employees . . . in the Canal Zone” was accepted and implemented. Panama’s request for the replacement of the “perpetuity” clause by a ninety-nine-year renewable lease was rejected, however, as was the proposal that its citizens accused of violations in the zone be tried by joint United States-Panamanian tribunals.

Panama’s contribution to the 1955 treaty was its consent to the United States occupation of the bases outside of the Canal Zone that it had withheld a few years earlier. Approximately 8,000 hectares of the republic’s territory were leased rent-free for 15 years for United States military maneuvers. The Río Hato base, a particularly important installation in defense planning, was thus regained for the United States Air Force. Because the revisions had the strong support of President Ricardo Arias, the National Assembly approved them with little hesitation.

The Politics of Frustrated Nationalism

The CPN placed another candidate, Ernesto de la Guardia, in the presidency in 1956. The Remón government had required parties to enroll 45,000 members to receive official recognition. This membership requirement, subsequently relaxed to 5,000, had excluded all opposition parties from the 1956 elections except the

National Liberal Party (Partido Liberal Nacional—PLN), which traced its lineage to the original Liberal Party.

De la Guardia was a conservative businessman and a member of the oligarchy. By Panamanian standards, he was by no means anti-Yankee (see Glossary), but his administration presided over a new low in United States-Panamanian relations. The Egyptian nationalization of the Suez Canal in 1956 raised new hopes in the republic, because the two canals were frequently compared in the world press. Despite Panama's large maritime fleet (the sixth greatest in the world), Britain and the United States did not invite Panama to a special conference of the major world maritime powers in London to discuss Suez. Expressing resentment, Panama joined the communist and neutral nations in a rival Suez proposal. United States secretary of state John Foster Dulles's unqualified statement on the Suez issue on September 28, 1956—that the United States did not fear similar nationalization of the Panama Canal because the United States possessed "rights of sovereignty" there—worsened matters.

Panamanian public opinion was further inflamed by a United States Department of the Army statement in the summer of 1956 that implied that the 1955 treaty had not in fact envisaged a total equalization of wage rates. The United States attempted to clarify the issue by explaining that the only exception to the "equal pay for equal labor" principle would be a 25-percent differential that would apply to all citizens brought from the continental United States.

Tension mounted in the ensuing years. In May 1958 students demonstrating against the United States clashed with the National Guard. The violence of these riots, in which nine died, was a forecast of the far more serious difficulties that followed a year later. In November 1959 anti-United States demonstrations occurred during the two Panamanian independence holidays. Aroused by the media, particularly by articles in newspapers owned by Harmodio Arias, Panamanians began to threaten a "peaceful invasion" of the Canal Zone, to raise the flag of the republic there as tangible evidence of Panama's sovereignty. Fearful that Panamanian mobs might actually force entry into the Canal Zone, the United States called out its troops. Several hundred Panamanians crossed barbed-wire restraints and clashed with Canal Zone police and troops. A second wave of Panamanian citizens was repulsed by the National Guard, supported by United States troops.

Extensive and violent disorder followed. A mob smashed the windows of the United States Information Agency library. The United States flag was torn from the ambassador's residence and trampled.

Aware that public hostility was getting out of hand, political leaders attempted to regain control over their followers but were unsuccessful. Relations between the two governments were severely strained. United States authorities erected a fence on the border of the Canal Zone, and United States citizens residing in the Canal Zone observed a voluntary boycott of Panamanian merchants, who traditionally depended heavily on these patrons.

On March 1, 1960—Constitution Day—student and labor groups threatened another march into the Canal Zone. The widespread disorders of the previous fall had had a sobering effect on the political elite, who seriously feared that new rioting might be transformed into a revolutionary movement against the social system itself. Both major coalitions contesting the coming elections sought to avoid further difficulties, and influential merchants, who had been hard hit by the November 1959 riots, were apprehensive. Reports that the United States was willing to recommend flying the republic's flag in a special site in the Canal Zone served to ease tensions. Thus, serious disorders were averted.

De la Guardia's administration had been overwhelmed by the rioting and other problems, and the CPN, lacking effective opposition in the National Assembly, began to disintegrate. Most dissenting factions joined the PLN in the National Opposition Union, which in 1960 succeeded in electing its candidate, Roberto Chiari, to the presidency. De la Guardia became the first postwar president to finish a full four-year term in office, and Chiari had the distinction of being the first opposition candidate ever elected to the presidency.

Chiari attempted to convince his fellow oligarchs that change was inevitable. He cautioned that if they refused to accept moderate reform, they would be vulnerable to sweeping change imposed by uncontrollable radical forces. The tradition-oriented deputies who constituted a majority in the National Assembly did not heed his warning. His proposed reform program was simply ignored. In foreign affairs, Chiari's message to the Assembly on October 1, 1961, called for a new revision of the Canal Zone arrangement. When Chiari visited Washington from June 12-13, 1962, he and President John F. Kennedy agreed to appoint high-level representatives to discuss controversies between their countries regarding the Canal Zone. The results of the discussions were disclosed in a joint communiqué issued on July 23, 1963.

Agreement had been reached on the creation of the Bi-National Labor Advisory Committee to consider disputes arising between Panamanian employees and zone authorities. The United States had agreed to withhold taxes from its Panamanian employees to

be remitted to the Panamanian government. Pending congressional approval, the United States agreed to extend to Panamanian employees the health and life insurance benefits available to United States citizens in the zone.

Several other controversial matters, however, remained unresolved. The United States agreed to increase the wages of Panamanian employees in the zone, but not as much as the Panamanian government requested. No agreement was reached in response to Panamanian requests for jurisdiction over a corridor through the zone linking the two halves of the country.

Meanwhile, the United States had initiated a new aid program for all of Latin America—the Alliance for Progress. Under this approach to hemisphere relations, President Kennedy envisioned a long-range program to raise living standards and advance social and economic development. No regular United States government development loans or grants had been available to Panama through the late 1950s. The Alliance for Progress, therefore, was the first major effort of the United States to improve basic living conditions. Panama was to share in the initial, large-scale loans to support self-help housing. Nevertheless, pressure for major revisions of the treaties and resentment of United States recalcitrance continued to mount.

The Negotiation of New Treaties

The 1964 Riots

Public demonstrations and riots arising from popular resentment over United States policies and the overwhelming presence of United States citizens and institutions had not been uncommon, but the rioting that occurred in January 1964 was uncommonly serious. The incident began with a symbolic dispute over the flying of the Panamanian flag in the Canal Zone.

For some time the dispute had been seriously complicated by differences of opinion on that issue between the Department of Defense and the Department of State. On the one hand, the military opposed accepting a Panamanian flag, emphasizing the strategic importance of unimpaired United States control in the Canal Zone and the dangerous precedent that appeasement of the rioters' demands would set for future United States-Panamanian relations. The Department of State, on the other hand, supported the flag proposal as a reasonable concession to Panamanian demands and a method of avoiding major international embarrassment. Diplomatic officials also feared that the stability of Panamanian political institutions themselves might be threatened by extensive violence and mob action over the flag issue.

The United States finally agreed to raise the Panamanian and United States flags side by side at one location. The special ceremony on September 21, 1960, at the Shaler Triangle was attended by the new governor of the zone, Major General William A. Carter, along with all high United States military and diplomatic officers and the entire Panamanian cabinet. Even this incident, however, which marked official recognition of Panama's "titular" sovereignty, was marred when the United States rejected de la Guardia's request to allow him to raise the flag personally. De la Guardia, as a retaliatory measure, refused to attend the ceremony and extended invitations to the presidential reception after the ceremony only to the United States ambassador and his senior diplomatic aides; United States Canal Zone and military officials were excluded.

Panamanians remained dissatisfied as their flag appeared at only one location in the Canal Zone, while the United States flag flew alone at numerous other sites. An agreement was finally reached that at several points in the Canal Zone the United States and Panamanian flags would be flown side by side. United States citizens residing in the Canal Zone were reluctant to abide by this agreement, however, and the students of an American high school, with adult encouragement, on two consecutive days hoisted the American flag alone in front of their school.

Word of the gesture soon spread across the border, and on the evening of the second day, January 9, 1964, nearly 200 Panamanian students marched into the Canal Zone with their flag. A struggle ensued, and the Panamanian flag was torn. After that provocation, thousands of Panamanians stormed the border fence. The rioting lasted 3 days, and resulted in more than 20 deaths, serious injuries to several hundred persons, and more than US\$2 million of property damage.

At the outbreak of the fighting, Panama charged the United States with aggression. Panama severed relations with the United States and appealed to the Organization of American States (OAS) and the United Nations (UN). On January 10 the OAS referred the case to the Inter-American Peace Committee. When the UN Security Council met, United States ambassador Adlai E. Stevenson noted that the Inter-American Peace Committee had already scheduled an on-the-spot investigation and urged that the problem be considered in the regional forum. A proposal by the Brazilian delegate that the president of the Security Council address an appeal to the two parties to exercise restraint was agreed on, and the UN took no further action.

The United States had hoped to confine the controversy to the Inter-American Peace Committee. But when negotiations broke

down, Panama insisted that the Organ of Consultation under the 1947 Inter-American Treaty of Reciprocal Assistance (the so-called Rio Treaty) be convoked. The OAS Council, acting provisionally as the Organ of Consultation, appointed an investigating committee consisting of all the members of the Council except the two disputants. A joint declaration recommended by the Committee was signed by the two countries in April, and diplomatic relations were restored. The controversy smoldered for almost a year, however, until President Lyndon B. Johnson announced that plans for a new canal would be drawn up and that an entirely new treaty would be negotiated.

Negotiations were carried on throughout the first half of the presidency of Chiari's successor, Marcos Aurelio Robles. When the terms of three draft treaties—concerning the existing lock canal, a possible sea-level canal, and defense matters—were revealed in 1967, Panamanian public reaction was adverse. The new treaties would have abolished the resented “in perpetuity” clause in favor of an expiration date of December 13, 1999, or the date of the completion of a new sea-level canal if that were earlier. Furthermore, they would have compensated the Panamanian government on the basis of tonnage shipped through the canal, an arrangement that could have increased the annuity to more than US\$20 million.

The intensity of Panamanian nationalism, however, was such that many contended that the United States should abandon involvement in Panama altogether. Proposals for the continued United States military bases in the Canal Zone, for the right of the United States to deploy troops and armaments anywhere in the republic, and for a joint board of nine governors for the zone, five of which were to be appointed by the United States, were particularly unpopular. Robles initially attempted to defend the terms of the drafts. When he failed to obtain treaty ratification and he learned that his own coalition would be at a disadvantage in the upcoming elections, he declared that further negotiations would be necessary.

The Oligarchy under Fire

In the mid-1960s, the oligarchy was still tenuously in charge of Panama's political system. Members of the middle class, consisting largely of teachers and government workers, occasionally gained political prominence. Aspiring to upper-class stations, they failed to unite with the lower classes to displace the oligarchy. Students were the most vocal element of the middle class and the group most disposed to speak for the inarticulate poor; as graduates, however, they were generally co-opted by the system.

A great chasm separated the rural section from the urban population of the two major cities. Only the rural wageworkers, concentrated in the provinces of Bocas del Toro and Chiriquí, appeared to follow events in the capital and to express themselves on issues of national policy. Among the urban lower classes, antagonism between the Spanish speakers and the English- and French-speaking blacks inhibited organization in pursuit of common interests.

Literacy was high—about 77 percent—despite the scarcity of secondary schools in the rural areas. Voter turnout also tended to be high, despite the unreliability of vote counts. (A popular saying is “He who counts the votes elects.”) Concentration on the sins of the United States had served as a safety valve, diverting attention from the injustices of the domestic system.

The multi-party system that existed until the coup d'état of 1968 served to regulate competition for political power among the leading families. Individual parties characteristically served as the personal machines of leaders, whose clients (supporters or dependents) anticipated jobs or other advantages if their candidate were successful. Of the major parties competing in the 1960s, only the highly factionalized PLN had a history of more than two decades. The only parties that had developed clearly identifiable programs were the small Socialist Party and the Christian Democratic Party (Partido Demócrata Cristiano—PDC). The only party with a mass base was the Panameñista Party (Partido Panameñista—PP), the electoral vehicle of the erratic former president, Arnulfo Arias. The Panameñista Party appealed to the frustrated, but lacked a clearly recognizable ideology or program.

Seven candidates competed in the 1964 presidential elections, although only three were serious contenders. Robles, who had served as minister of the presidency in Chiari's cabinet, was the candidate of the National Opposition Union, comprising the PLN and seven smaller parties. After lengthy backstage maneuvers, Robles was endorsed by the outgoing president. Juan de Arco Galindo, a former member of the National Assembly and public works minister and brother-in-law of former President de la Guardia, was the candidate of the National Opposition Alliance (Alianza Nacional de Oposición) coalition, comprising seven parties headed by the CPN. Arnulfo Arias was supported by the PP, already the largest single party in the country.

As usual, the status of the canal was a principal issue in the campaign. Both the liberal and the CPN coalitions cultivated nationalist sentiment by denouncing the United States. Arias, abandoning his earlier nationalistic theme, assumed a cooperative and conciliatory stance toward the United States. Arias attracted lower-class

support by denouncing the oligarchy. The Electoral Tribunal announced that Robles had defeated Arias by a margin of more than 10,000 votes of the 317,312 votes cast. The CPN coalition trailed far behind the top two contenders. Arias supporters, who had won a majority of the National Assembly seats, attributed Robles's victory to the "miracle of Los Santos"; they claimed that enough corpses voted for Robles in that province to enable him to carry the election.

The problems confronting Robles were not unlike those of his predecessors but were aggravated by the consequences of the 1964 riots. In addition to the hardships and resentments resulting from the losses of life and property, the riots had the effect of dramatically increasing the already serious unemployment in the metropolitan areas. Despite his nationalistic rhetoric during the campaign, the new president was dependent on United States economic and technical assistance to develop projects that Chiari's government, also with United States assistance, had initiated. Chiari emphasized building schools and low-cost housing. He endorsed a limited agrarian-reform program. Like his predecessor, Robles sought to increase the efficiency of tax collection rather than raise taxes.

By 1967 the coalitions were being reshuffled in preparation for the 1968 elections. By the time Arias announced his candidacy, he had split both the coalitions that had participated in the 1964 elections and had secured the support of several factions in a coalition headed by the Panameñista Party. Robles's endorsement went to David Samudio of the PLN. A civil engineer and architect of middle-class background, Samudio had served as an assemblyman and had held several cabinet posts, including that of finance minister under Robles. In addition to the PLN, he was supported by the Labor and Agrarian Party (Partido Laborista Agrario—PALA) and other splinter groups. (Party labels are deceptive; the PALA, for example, had neither an agrarian base nor organized labor support.) A PDC candidate, Antonio González Revilla, also entered the race.

Because many of Arias's supporters believed that the 1964 election had been rigged, the principal issue in the 1968 campaign became the prospective validity of the election itself. The credibility crisis became acute in February 1968 when the president of the Electoral Tribunal, a Samudio supporter, closed the central registration office in a dispute with the other two members of the tribunal, Arias supporters, over electoral procedures. The government brought suit before the Supreme Court for their dismissal, on the grounds that each man had a son who was a candidate for elective office. Thereupon González Revilla, with the backing of

Arias, petitioned the National Assembly to begin impeachment proceedings against Robles for illegal interferences in electoral matters. Among other issues, Robles was accused of diverting public funds to Samudio's campaign.

The National Assembly met in special session and appointed a commission to gather evidence. Robles, in turn, obtained a judgment from a municipal court that the assembly was acting unconstitutionally. The National Assembly chose to ignore a stay order issued by the municipal court pending the reconvening of the Supreme Court on April 1, and on March 14 it voted for impeachment. On March 24, the National Assembly found Robles guilty and declared him deposed. Robles and the National Guard ignored the proceedings, maintaining that they would abide by the decision of the Supreme Court when it reconvened.

The Supreme Court, with only one dissenting vote, ruled the impeachment proceedings unconstitutional. The Electoral Tribunal subsequently ruled that thirty of the parliamentary deputies involved in the impeachment proceedings were ineligible for reelection. Robles, with the support of the National Guard, retained the presidency.

The election took place on May 12, 1968, as scheduled, and tension mounted over the succeeding eighteen days as the Election Board and the Electoral Tribunal delayed announcing the results. Finally the Election Board declared that Arias had carried the election by 175,432 votes to 133,887 for Samudio and 11,371 for González Revilla. The Electoral Tribunal, senior to the Board and still loyal to Robles, protested, but the commander of the National Guard, Brigadier General Bolívar Vallarino, despite past animosity toward Arias, supported the conclusion of the Board.

Arias took office on October 1, demanding the immediate return of the Canal Zone to Panamanian jurisdiction and announcing a change in the leadership of the National Guard. He attempted to remove the two most senior officers, Vallarino and Colonel José María Pinilla, and appoint Colonel Bolívar Urrutia to command the force. On October 11 the National Guard, for the third time, removed Arias from the presidency. With seven of his eight ministers and twenty-four members of the National Assembly, Arias took refuge in the Canal Zone.

The Government of Torrijos and the National Guard

The overthrow of Arias provoked student demonstrations and rioting in some of the slum areas of Panama City. The peasants in Chiriquí Province battled guardsmen sporadically for several months, but the National Guard retained control. Urrutia was

initially arrested but was later persuaded to join in the two-man provisional junta headed by Pinilla. Vallarino remained in retirement. The original cabinet appointed by the junta was rather broad based and included several Samudio supporters and one Arias supporter. After the first three months, however, five civilian cabinet members resigned, accusing the new government of dictatorial practices.

The provisional junta moved swiftly to consolidate government control. Several hundred actual or potential political leaders were arrested on charges of corruption or subversion. Others went into voluntary or imposed exile, and property owners were threatened with expropriation. The National Assembly and all political parties were disbanded, and the University of Panama was closed for several months while its faculty and student body were purged. The communications media were brought under control through censorship, intervention in management, or expropriation.

Pinilla, who assumed the title of president, had declared that his government was provisional and that free elections were to be scheduled. In January 1969, however, power actually rested in the hands of Omar Torrijos and Boris Martínez, commander and chief of staff, respectively, of the National Guard. In early March, a speech by Martínez promising agrarian reform and other measures radical enough to alarm landowners and entrepreneurs provoked a coup within the coup. Torrijos assumed full control, and Martínez and three of his supporters in the military government were exiled.

Torrijos stated that "there would be less impulsiveness" in government without Martínez. Torrijos did not denounce the proposed reforms, but he assured Panamanian and United States investors that their interests were not threatened.

Torrijos, now a brigadier general, became even more firmly entrenched in power after thwarting a coup attempted by Colonels Amado Sanjur, Luis Q. Nentzen Franco, and Ramiro Silvera in December 1969. While Torrijos was in Mexico, the three colonels declared him deposed. Torrijos rushed back to Panama, gathered supporters at the garrison in David, and marched triumphantly into the capital. The colonels followed earlier competitors of Torrijos into exile. Because the governing junta (Colonel Pinilla and his deputy, Colonel Urrutia) had not opposed the abortive coup, Torrijos replaced them with two civilians, Demetrio B. Lakas, an engineer well liked among businessmen, and Arturo Sucre, a lawyer and former director of the national lottery. Lakas was designated "provisional president," and Sucre was appointed his deputy.

In late 1969 a close associate of Torrijos announced the formation of the New Panama Movement. This movement was originally



Torrijos in the countryside

intended to organize peasants, workers, and other social groups and was patterned after that of Mexico's Institutional Revolutionary Party. No organizational structure was established, however, and by 1971 the idea had been abandoned. The government party was revived under a different name, the Democratic Revolutionary Party (Partido Revolucionario Democrático—PRD) in the late 1970s.

A sweeping cabinet reorganization and comments of high-ranking officials in 1971 portended a shift in domestic policy. Torrijos expressed admiration for the socialist trends in the military governments of Peru and Bolivia. He also established a mutually supportive relationship with Cuba's Fidel Castro Ruz. Torrijos carefully distanced himself from the Panamanian Marxist left. The political label he appeared to wear most comfortably was "populist." In 1970 he declared, "Having finished with the oligarchy, the Panamanian has his own worth with no importance to his origin, his cradle, or where he was born."

Torrijos worked on building a popular base for his government, forming an alliance among the National Guard and the various sectors of society that had been the objects of social injustice at the hands of the oligarchy, particularly the long-neglected campesinos. He regularly traveled by helicopter to villages throughout the interior to hear their problems and to explain his new programs.

In addition to the National Guard and the campesinos, the populist alliance that Torrijos formed as a power base included

students, the People's Party (Partido del Pueblo—PdP), and portions of the working classes. Support for Torrijos varied among interest groups and over time. The alliance contained groups, most notably the National Guard and students, that were traditionally antagonistic toward one another and groups that traditionally had little concern with national politics, e.g., the rural sector. Nationalism, in the form of support of the efforts of the Torrijos regime to obtain control over the canal through a new treaty with the United States, provided the glue for maintaining political consensus.

In the early 1970s, the strength of the alliance was impressive. Disloyal or potentially disloyal elements within the National Guard and student groups were purged; increased salaries, perquisites, and positions of political power were offered to the loyal majority. The adherence of the middle classes was procured partly through more jobs. In return for its support, the PdP was allowed to operate openly when all other political parties were outlawed.

The Torrijos effort to secure political support in the rural sector was an innovation in Panamanian politics. With the exception of militant banana workers in the western provinces of Chiriquí and Bocas del Toro, the campesinos traditionally have had little concern with national political issues. Unlike much of Latin America, in Panama the elite is almost totally urban based, rather than being a landed aristocracy (see *Urban Society*, ch. 2).

No elections were held under the military government until April 1970, when the town of San Miguelito, incorporated as the country's sixty-fourth municipal district, was allowed to elect a mayor, treasurer, and municipal council. Candidates nominated by trade groups and other nonpartisan bodies were elected indirectly by a council that had been elected by neighborhood councils. Subsequently, the new system was extended throughout the country, and in 1972 the 505-member National Assembly of Municipal Representatives met in Panama City to confirm Torrijos's role as head of government and to approve a new constitution. The new document greatly expanded governmental powers at the expense of civil liberties. The state also was empowered to "oversee the rational distribution of land" and, in general, to regulate or initiate economic activities. In an obvious reference to the Canal Zone, the Constitution also declared the ceding of national territory to any foreign country to be illegal.

The governmental initiatives in the economy, legitimated by the new Constitution, were already underway. The government had announced in early 1969 its intention to implement 1962 legislation by distributing 700,000 hectares of land within 3 years to 61,300 families. Acquisition and distribution progressed much more slowly

than anticipated, however (see *Land Tenure and Agrarian Reform*, ch. 3).

Nevertheless, major programs were undertaken. Primary attention and government assistance went to farmers grouped in organizations that were initially described as cooperatives but were in fact commercial farming operations by state-owned firms. The government also established companies to operate banana plantations—partly because a substantial amount of the land obtained under the land-reform laws was most suited to banana cultivation and had belonged to international fruit companies.

Educational reforms instituted by Torrijos emphasized vocational and technical training at the expense of law, liberal arts, and the humanities. The programs introduced on an experimental basis in some elementary and secondary schools resembled the Cuban system of “basic schools in the countryside.” New schools were established in rural areas in which half the student’s time was devoted to instruction in farming. Agricultural methods and other practical skills were taught to urban students as well, and ultimately the new curriculum was to become obligatory even in private schools. Although the changes were being instituted gradually, they met strong resistance from the upper-middle classes and particularly from teachers.

Far-reaching reforms were also undertaken in health care. A program of integrated medical care became available to the extended family of anyone who had been employed for the minimal period required to qualify for social security. A wide range of services was available not only to the worker’s spouse and children, but to parents, aunts, uncles, cousins—to any dependent relative. Whereas in the past medical facilities had been limited almost entirely to Panama City, under Torrijos hospitals were built in several provincial cities. Clinics were established throughout the countryside. Medical-school graduates were required to spend at least two years in a rural internship servicing the scattered clinics.

Torrijos also undertook an ambitious program of public works. The construction of new roads and bridges contributed particularly to greater prosperity in the rural areas. Although Torrijos showed greater interest in rural development than in urban problems, he also promoted urban housing and office construction in Panama City. These projects were funded, in part, by both increased personal and corporate taxes and increased efficiency in tax collection. The 1972 enactment of a new labor code attempted to fuse the urban working class into the populist alliance. Among other things the code provided obligatory collective agreements, obligatory payroll deduction of union fees, the establishment of a

superior labor tribunal, and the incorporation of some 15,000 additional workers, including street vendors and peddlers, into labor unions. At the same time, the government attempted unsuccessfully to unite the nation's three major labor confederations into a single, government-sponsored organization.

Meanwhile, Torrijos lured foreign investment by offering tax incentives and provisions for the unlimited repatriation of capital. In particular, international banking was encouraged to locate in Panama, to make the country a regional financial center. A law adopted in 1970 facilitated offshore banking (see Glossary). Numerous banks, largely foreign owned, were licensed to operate in Panama; some were authorized solely for external transactions. Funds borrowed abroad could be loaned to foreign borrowers without being taxed by Panama (see Finance, ch. 3).

Most of the reforms benefiting workers and peasants were undertaken between 1971 and 1973. Economic problems beginning in 1973 led to some backtracking on social programs. A new labor law passed in 1976, for example, withdrew much of the protection provided by the 1972 labor code, including compulsory collective bargaining. The causes of these economic difficulties included such external factors as the decline in world trade, and thus canal traffic. Domestic problems included a decline in agricultural production that many analysts attributed to the failure of the economic measures of the Torrijos government. The combination of a steady decline in per capita gross national product (GNP—see Glossary), inflation, unemployment, and massive foreign debts adversely affected all sectors of society and contributed heavily to the gradual erosion of the populist alliance that had firmly supported Torrijos in the early 1970s.

Increasingly, corruption in governing circles and within the National Guard also had become an issue in both national and international arenas. Torrijos's opponents were quick to note that his relatives appeared in large numbers on the public payroll.

The Treaty Negotiations

During the first two years after the overthrow of Arias, while the National Guard consolidated its control of the government and Torrijos rooted out his competitors within the National Guard, the canal issue was downplayed and generally held in abeyance. By 1971, however, the negotiation of new treaties had reemerged as the primary goal of the Torrijos regime.

In the 1970s, about 5 percent of world trade, by volume, some 20 to 30 ships daily, were passing through the canal. Tolls had been kept artificially low, averaging a little more than US\$10,000 for

the 8- to 10-hour passage, and thus entailing a United States government subsidy. Nevertheless, canal use was declining in the 1970s because of alternate routes, vessels being too large to transit the canal, and the decline in world trade.

The canal, nevertheless, was clearly vital to Panama's economy. Some 30 percent of Panama's foreign trade passed through the canal. About 25 percent of the country's foreign exchange earnings and 13 percent of its GNP were associated with canal activities. The level of traffic and the revenue thereby generated were key factors in the country's economic life (see *Role of the Canal From 1903 to 1977*, ch. 3).

Under the 1903 treaty, the governor of the Canal Zone was appointed by the president of the United States and reported to the secretary of war. The governor also served as president of the Canal Zone Company and reported to a board of directors appointed by the secretary of war. United States jurisdiction in the zone was complete, and residence was restricted to United States government employees and their families. On the eve of the adoption of new treaties in 1977, residents of the Canal Zone included some 40,000 United States citizens, two-thirds of whom were military personnel and their dependents, and about 7,500 Panamanians. The Canal Zone was, in effect, a United States military outpost with its attendant prosperous economy, which stood in stark contrast to the poverty on the other side of its fences.

By the 1960s military activities in the zone were under the direction of the United States Southern Command (SOUTHCOM). The primary mission of SOUTHCOM was defending the canal. In addition, SOUTHCOM served as the nerve center for a wide range of military activities in Latin America, including communications, training Latin American military personnel, overseeing United States military assistance advisory groups, and conducting joint military exercises with Latin American armed forces (see *United States Forces in Panama*, ch. 5).

Negotiations for a new set of treaties were resumed in June 1971, but little was accomplished until March 1973 when, at the urging of Panama, the UN Security Council called a special meeting in Panama City. A resolution calling on the United States to negotiate a "just and equitable" treaty was vetoed by the United States on the grounds that the disposition of the canal was a bilateral matter. Panama had succeeded, however, in dramatizing the issue and gaining international support.

The United States signaled renewed interest in the negotiations in late 1973, when Ambassador Ellsworth Bunker was dispatched to Panama as a special envoy. In early 1974, Secretary of State

Henry Kissinger and Panamanian foreign minister Juan Antonio Tack announced their agreement on eight principles to serve as a guide in negotiating a "just and equitable treaty eliminating once and for all the causes of conflict between the two countries." The principles included recognition of Panamanian sovereignty in the Canal Zone; immediate enhancement of economic benefits to Panama; a fixed expiration date for United States control of the canal; increased Panamanian participation in the operation and defense of the canal; and continuation of United States participation in defending the canal.

American attention was distracted later in 1974 by the Watergate scandal, impeachment proceedings, and ultimately the resignation of President Richard M. Nixon. Negotiations with Panama were accelerated by President Gerald R. Ford in mid-1975 but became deadlocked on four central issues: the duration of the treaty; the amount of canal revenues to go to Panama; the amount of territory United States military bases would occupy during the life of the treaty; and the United States demand for a renewable forty- or fifty-year lease of bases to defend the canal. Panama was particularly concerned with the open-ended presence of United States military bases and held that the emerging United States position retained the bitterly opposed "perpetuity" provision of the 1903 treaty and thus violated the spirit of the 1974 Kissinger-Tack principles. The sensitivity of the issue during negotiations was illustrated in September 1975 when Kissinger's public declaration that "the United States must maintain the right, unilaterally, to defend the Panama Canal for an indefinite future" provoked a furor in Panama. A group of some 600 angry students stoned the United States embassy.

Negotiations remained stalled during the United States election campaign of 1976 when the canal issue, particularly the question of how the United States could continue to guarantee its security under new treaty arrangements, became a major topic of debate. Torrijos replaced Foreign Minister Tack with Aquilino Boyd in April 1976, and early the next year Boyd was replaced by Nicolás González Revilla. Rómulo Escobar Bethancourt, meanwhile, became Panama's chief negotiator. Panama's growing economic difficulties made the conclusion of a new treaty, accompanied by increased economic benefits, increasingly vital.

The new Panamanian negotiating team was thus encouraged by the high priority that President Jimmy Carter placed on rapidly concluding a new treaty. Carter added Sol Linowitz, former ambassador to the OAS, to the United States negotiating team shortly after taking office in January 1977. Carter held that United States



*Panama Canal treaties signing ceremony,
September 7, 1977
Courtesy The White House*

interests would be protected by possessing “an assured capacity or capability” to guarantee that the canal would remain open and neutral after Panama assumed control. This view contrasted with previous United States demands for an ongoing physical military presence and led to the negotiation of two separate treaties. This changed point of view, together with United States willingness to provide a considerable amount of bilateral development aid in addition to the revenues associated with Panama’s participation in the operation of the canal, were central to the August 10, 1977, announcement that agreement had been reached on two new treaties.

The 1977 Treaties and Associated Agreements

On September 7, 1977, Carter and Torrijos met in Washington to sign the treaties in a ceremony that also was attended by representatives of twenty-six other nations of the Western Hemisphere. The Panama Canal Treaty, the major document signed on September 7, abrogated the 1903 treaty and all other previous bilateral agreements concerning the canal. The treaty was to enter into force six months after the exchange of instruments of ratification and to expire at noon on December 31, 1999 (see Appendix B). The Panama Canal Company and the Canal Zone government

would cease to operate and Panama would assume complete legal jurisdiction over the former Canal Zone immediately, although the United States would retain jurisdiction over its citizens during a thirty-month transition period. Panama would grant the United States rights to operate, maintain, and manage the canal through a new United States government agency, the Panama Canal Commission. The commission would be supervised by a board of five members from the United States and four from Panama; the ratio was fixed for the duration of the treaty. The commission would have a United States administrator and Panamanian deputy administrator until January 1, 1990, when the nationalities of these two positions would be reversed. Panamanian nationals would constitute a growing number of commission employees in preparation for their assumption of full responsibility in 2000. Another binational body, the Panama Canal Consultative Committee, was created to advise the respective governments on policy matters affecting the canal's operation.

Article IV of the treaty related to the protection and defense of the canal and mandated both nations to participate in that effort, though the United States was to hold the primary responsibility during the life of the treaty. The Combined Board, composed of an equal number of senior military representatives from each country, was established and its members charged with consulting their respective governments on matters relating to protection and defense of the canal (see Canal Defense, ch. 5). Guidelines for employment within the Panama Canal Commission were set forth in Article X, which stipulated that the United States would establish a training program to ensure that an increasing number of Panamanian nationals acquired the skills needed to operate and maintain the canal. By 1982 the number of United States employees of the commission was to be at least 20 percent lower than the number working for the Panama Canal Company in 1977. Both nations pledged to assist their own nationals who lost jobs because of the new arrangements in finding employment. The right to collective bargaining and affiliation with international labor organizations by commission employees was guaranteed.

Under the provisions of Article XII, the United States and Panama agreed to study jointly the feasibility of a sea-level canal and, if deemed necessary, to negotiate terms for its construction. Payments to Panama from the commission ("a just and equitable return on the national resources which it has dedicated to the . . . canal") were set forth in Article XIII. These included a fixed annuity of US\$10 million, an annual contingency payment of up to US\$10 million to be paid out of any commission profits, and

US\$0.30 per Panama Canal net ton (see Glossary) of cargo that passed through the canal, paid out of canal tolls. The latter figure was to be periodically adjusted for inflation and was expected to net Panama between US\$40 and US\$70 million annually during the life of the treaty. In addition, Article III stipulated that Panama would receive a further US\$10 million annually for services (police, fire protection, street cleaning, traffic management, and garbage collection) it would provide in the canal operating areas.

The second treaty, the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, or simply the Neutrality Treaty, was a much shorter document. Because it had no fixed termination date, this treaty was the major source of controversy (see Appendix B). Under its provisions, the United States and Panama agreed to guarantee the canal's neutrality "in order that both in time of peace and in time of war it shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality." In times of war, however, United States and Panamanian warships were entitled to "expeditious" transit of the canal under the provisions of Article VI. A protocol was attached to the Neutrality Treaty, and all nations of the world were invited to subscribe to its provisions.

At the same ceremony in Washington, representatives of the United States and Panama signed a series of fourteen executive agreements associated with the treaties. These included two Agreements in Implementation of Articles III and IV of the Panama Canal Treaty that detailed provisions concerning operation, management, protection, and defense, outlined in the main treaty. Most importantly, these two agreements defined the areas to be held by the United States until 2000 to operate and defend the canal. These areas were distinguished from military areas to be used jointly by the United States and Panama until that time, military areas to be held initially by the United States but turned over to Panama before 2000, and areas that were turned over to Panama on October 1, 1979 (see fig. 3).

One foreign observer calculated that 64 percent of the former Canal Zone, or 106,700 hectares, came under Panamanian control in 1979; another 18 percent, or 29,460 hectares, would constitute the "canal operating area" and remain under control of the Panama Canal Commission until 2000; and the remaining 18 percent would constitute the various military installations controlled by the United States until 2000. The agreements also established the Coordinating Committee, consisting of one representative of each country, to coordinate the implementation of the agreement with respect to Article III of the Panama Canal Treaty, and an analogous Joint

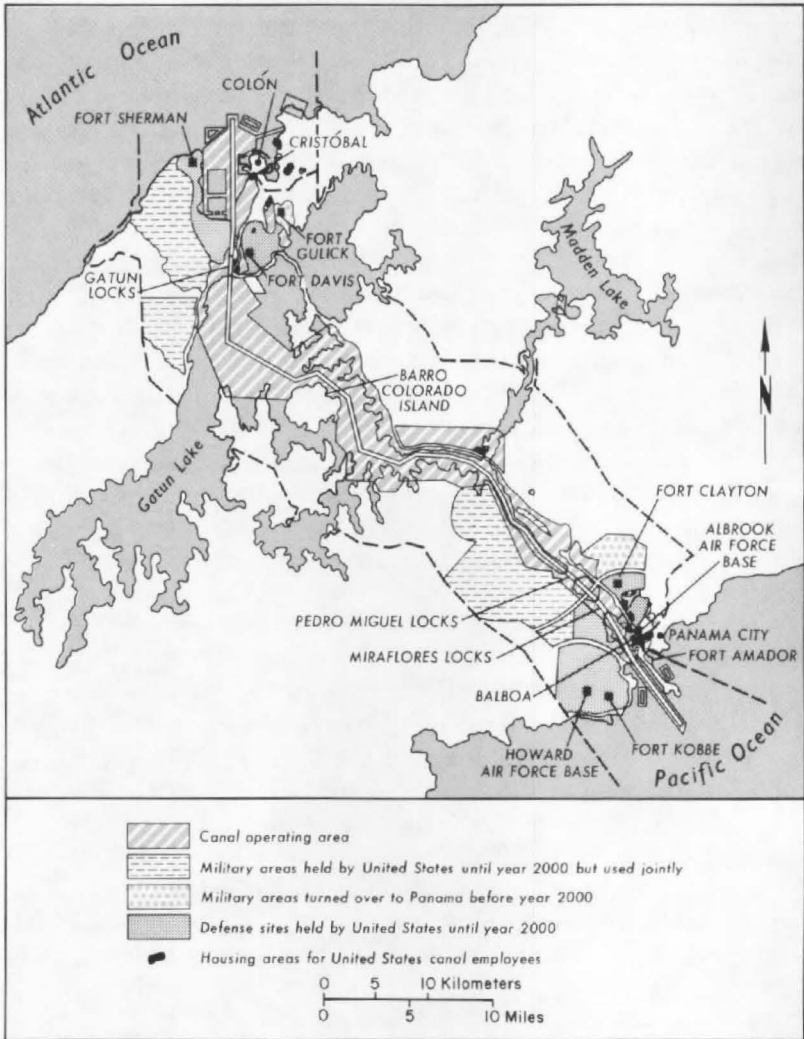


Figure 3. Dispensation of Land Within the Former Canal Zone

Committee to perform the defense-related functions called for in the agreement with respect to Article IV of the treaty.

Ancillary agreements signed on September 7 allowed the United States to conduct certain activities in Panama until 2000, including the training of Latin American military personnel at four schools located within the former Canal Zone; provided for cooperation to protect wildlife within the area; and outlined future United States economic and military assistance. This latter agreement, subject

to the availability of congressionally approved funds, provided for United States loan guarantees, up to US\$75 million over a 5-year period, for housing; a US\$20-million loan guarantee by the United States Overseas Private Investment Corporation for financing projects in the Panamanian private sector; loans, loan guarantees, and insurance, up to a limit of US\$200 million between 1977 and 1982, provided by the Export-Import Bank of the United States for financing Panamanian purchases of United States exports; and up to US\$50 million in foreign military sales credits over a 10-year period.

The speeches of Carter and Torrijos at the signing ceremony revealed the differing attitudes toward the new accords by the two leaders. Carter declared his unqualified support of the new treaties. The statement by Torrijos was more ambiguous, however. While he stated that the signing of the new treaties “attests to the end of many struggles by several generations of Panamanian patriots,” he noted Panamanian criticism of several aspects of the new accords, particularly of the Neutrality Treaty:

Mr. President, I want you to know that this treaty, which I shall sign and which repeals a treaty not signed by any Panamanian, does not enjoy the approval of all our people, because the 23 years agreed upon as a transition period are 8,395 days, because during this time there will still be military bases which make my country a strategic reprisal target, and because we are agreeing to a treaty of neutrality which places us under the protective umbrella of the Pentagon. This pact could, if it is not administered judiciously by future generations, become an instrument of permanent intervention.

Torrijos was so concerned with the ambiguity of the Neutrality Treaty, because of Panamanian sensitivity to the question of United States military intervention, that, at his urging, he and President Carter signed the Statement of Understanding on October 14, 1977, to clarify the meaning of the permanent United States rights. This statement, most of which was subsequently included as an amendment to the Neutrality Treaty and incorporated into its instrument of ratification, included a declaration that the United States “right to act against any aggression or threat directed against the Canal . . . does not mean, nor shall it be interpreted as the right of intervention of the United States in the internal affairs of Panama.” Despite this clarification, the plebiscite that took place the next week and served as the legal means of ratification in Panama, saw only two-thirds of Panamanians registering their

approval of the new treaties, a number considerably smaller than that hoped for by the government.

Ratification in the United States necessitated the approval of two-thirds of the Senate. The debates, the longest in Senate history, began on February 7, 1978. The Neutrality Treaty was approved on March 16, and the main treaty on April 18, when the debate finally ended. To win the necessary sixty-seven Senate votes, Carter agreed to the inclusion of a number of amendments, conditions, reservations, and understandings that were passed during the Senate debates and subsequently included in the instruments of ratification signed by Carter and Torrijos in June.

Notable among the Senate modifications of the Neutrality Treaty were two amendments incorporating the October 1977 Statement of Understanding, and interpreting the "expeditious" transit of United States and Panamanian warships in times of war as being preferential. Another modification, commonly known as the DeConcini Condition, stated that "if the Canal is closed, or its operations are interfered with [the United States and Panama shall each] have the right to take such steps as each deems necessary, . . . including the use of military force in the Republic of Panama, to reopen the Canal or restore the operations of the Canal." Modifications of the Panama Canal Treaty included a reservation requiring statutory authorization for payments to Panama set forth in Article XIII and another stating that any action taken by the United States to secure accessibility to the Canal "shall not have as its purpose or be interpreted as a right of intervention in the internal affairs of the Republic of Panama or interference with its political independence or sovereign integrity." Reservations attached to both treaties made the United States provision of economic and military assistance, as detailed in the ancillary agreements attached to the treaties, nonobligatory.

The inclusion of these modifications, which were never ratified in Panama, was received there by a storm of protest. Torrijos expressed his concern in 2 letters, the first to Carter and another sent to 115 heads of state through their representatives at the UN. A series of student protests took place in front of the United States embassy. The DeConcini Condition was the major object of protest. Although the reservation to the Panama Canal Treaty was designed to mollify Panamanian fears that the DeConcini Condition marked a return to the United States gunboat diplomacy of the early twentieth century, this provision would expire in 2000, whereas the DeConcini Condition, because it was attached to the Neutrality Treaty, would remain in force permanently.

Despite his continuing concern with the ambiguity of the treaties with respect to the United States role in defense of the canal after 2000, the close Senate vote made Torrijos aware that he could not secure any further modification at that time. On June 16, 1978, he and Carter signed the instruments of ratification of each treaty in a ceremony in Panama City. Nevertheless, Torrijos added the following statement to both Panamanian instruments: "The Republic of Panama will reject, in unity and with decisiveness and firmness, any attempt by any country to intervene in its internal or external affairs." The instruments of ratification became effective on June 1, 1979, and the treaties entered into force on October 1, 1979.

Torrijos Government Undertakes "Democratization"

Ironically, the successful conclusion of negotiations with the United States and the signing of the Panama Canal treaties in August 1977 added to the growing political difficulties in Panama. Virtually all observers of Panamanian politics in the late 1970s agreed that the situation in the late 1970s could only be understood in terms of the central role traditionally played by nationalism in forming Panamanian political consensus. Before August 1977, opponents of Torrijos were reluctant to challenge his leadership because of his progress in gaining control over the Canal Zone. The signing of the treaties eliminated that restraint; in short, after August 1977, Panamanian resentment could no longer be focused exclusively on the United States.

The widespread feeling among Panamanians that the 1977 treaties were unacceptable, despite their being approved by a two-thirds majority in the October 1977 plebiscite, contributed to growing opposition to the government. Critics pointed especially to the amendments imposed by the United States Senate after the October 1977 plebiscite, which they felt substantially altered the spirit of the treaties. Furthermore, political opponents of Torrijos argued that the government purposely limited the information available on the treaties and then asked the people to vote "yes" or "no," in a plebiscite that the opposition maintained was conducted fraudulently.

Another factor contributing to the erosion of the populist alliance built by Torrijos during the early 1970s was the graduated and controlled process of "democratization" undertaken by the Torrijos government after signing the new canal treaties. In October 1978, a decade after the government declared political parties illegal in the aftermath of the 1968 military coup d'état, the 1972 Constitution was reformed to implement a new electoral law and legalize

political parties. In the spirit of opening the political system that accompanied the ratification of the Panama Canal treaties, exiled political leaders, including former President Arnulfo Arias, were allowed to return to the country, and a flurry of political activity was evident during the subsequent eighteen months. Foremost among the activities were efforts to obtain the 30,000 signatures legally required to register a party for the October 1980 elections.

The 1978 amendments to the 1972 Constitution markedly decreased the powers of the executive branch of government and increased those of the legislature, but the executive remained the dominant branch. From October 1972 until October 1978, Torrijos had acted as the chief executive under the titles of head of government and "Maximum Leader of the Panamanian Revolution." After the 1978 amendments took effect, Torrijos gave up his position as head of government but retained control of the National Guard and continued to play an important role in the government's decision-making process. Before stepping down, Torrijos had agreed to democratize Panama's political system, in order to gain United States support for the canal treaties. In October 1978, the National Assembly elected a thirty-eight-year-old lawyer and former education minister, Aristides Royo, to the presidency and Ricardo de la Espriella to the vice presidency, each for a six-year term.

The PRD—a potpourri of middle-class elements, peasant and labor groups, and marginal segments of Panamanian society—was the first party to be officially recognized under the registration process that began in 1979. Wide speculation held that the PRD would nominate Torrijos as its candidate for the presidential race planned for 1984. Moreover, many assumed that with government backing, the PRD would have a substantial advantage in the electoral process.

In March 1979, a coalition of eight parties called the National Opposition Front (Frente Nacional de Oposición—FRENO) was formed to battle the PRD in the 1980 legislative elections, the first free elections to be held in a decade. FRENO was composed of parties on both the right and the left of center in the political spectrum, including the strongly nationalistic, anti-Yankee Authentic Panameñista Party (Partido Panameñista Auténtico—PPA), which was led by the aged but still popular former president, Arnulfo Arias; the PLN; the reform-oriented PDC; and the Social Democratic Party (Partido Social Democrático—PSD), which was left of center and reform-oriented. Three right-of-center parties—the Republican Party (Partido Republicano—PR), the Third Nationalist Party, and PALA—had also joined the FRENO coalition. The Independent Democratic Movement, a small, moderately left-of-

center party, completed the coalition. Such diverse ideologies in the opposition party suggested a marriage of convenience. FRENO opposed the Panama Canal treaties and called for their revision on terms more favorable to Panama.

All qualified parties competed in the 1980 legislative elections, but these elections posed no threat to Torrijos's power base because political parties vied for only nineteen of the fifty-seven seats in the legislature. The other two-thirds of the representatives were appointed, in essence by Torrijos's supporters. The PRD won twelve of the available nineteen seats; the PLN won five seats, and the PDC, one. The remaining seat was won by an independent candidate running with the support of a communist party, the Panamanian People's Party (Partido Panameño del Pueblo—PPP). The PPP had failed to acquire the signatures required for a place on the ballot. Despite the lopsided victory of the pro-government party and the weakness of the National Legislative Council (budgeting and appropriations were controlled by President Royo, who had been handpicked by Torrijos), this election represented a small step toward restoring democratic political processes. The election also demonstrated that Panama's political party system was too fragmented to form a viable united front against the government.

The Post-Torrijos Era

Torrijos's Sudden Death

Omar Torrijos was killed in an airplane crash in western Panama on July 31, 1981. His death deprived Central America of a potential moderating influence when that region was facing increased destabilization, including revolutions in Nicaragua and El Salvador. His death also created a power vacuum in his own country and ended a twelve-year "dictatorship with a heart," as Torrijos liked to call his rule. He was succeeded immediately as National Guard commander by the chief of staff, Colonel Florencio Florez Aguilar, a Torrijos loyalist. Although Florez adopted a low profile and allowed President Royo to exercise more of his constitutional authority, Royo soon alienated the Torrijos clique, the private sector, and the National Guard's general staff, all of whom rejected his leadership style and his strongly nationalistic, anti-United States rhetoric. Royo had become the leader of leftist elements within the government, and he used his position to accuse the United States of hundreds of technical violations in the implementation of the canal treaties. The general staff considered the National Guard to be the country's principal guarantor of national stability and began to challenge the president's political authority. Royo attempted to

use the PRD as his power base, but the fighting between leftists and conservatives within the party became too intense to control. Meanwhile, the country's many and diverse political parties, although discontented with the regime, were unable to form a viable and solid opposition.

Torrijos had been the unifying influence in Panama's political system. He had kept Royo in the presidency, the PRD functioning, and the National Guard united. The groups were loyal to him but distrustful of each other.

Florez completed twenty-six years of military service in March 1982 and was forced to retire. He was replaced by his own chief of staff, General Rubén Darío Paredes, who considered himself to be Torrijos's rightful successor and the embodiment of change and unity (Torrijos had been grooming Paredes for political office since 1975). In a press interview, Paredes stated that he had become "what some people sometimes call a strong man." Without delay the new National Guard commander asserted himself in Panamanian politics and formulated plans to run for the presidency in 1984. Many suspected that Paredes had struck a deal with Colonel Manuel Antonio Noriega Moreno, who had been the assistant chief of staff for intelligence since 1970, whereby Noriega would assume command of the National Guard and Paredes would become president in 1984. Paredes publicly blamed Royo for the rapidly deteriorating economy and the pocketing of millions of dollars from the nation's social security system by government officials.

In July 1982, growing labor unrest led to an outbreak of strikes and public demonstrations against the Royo administration. Paredes, claiming that "the people wanted change," intervened to remove Royo from the presidency. With National Guard backing, Paredes forced Royo and most of his cabinet to resign on July 30, 1982, almost one year to the day after the death of Torrijos. Royo was succeeded by Vice President Ricardo de la Espriella, a United States-educated former banking official. De la Espriella wasted no time in referring to the National Guard as a "partner in power."

In August 1982, President de la Espriella formed a new cabinet that included independents and members of the Liberal Party and the PRD; Jorge Illueca Sibauste, Royo's foreign minister, became the new vice president. Meanwhile, Colonel Armando Contreras became chief of staff of the National Guard. Colonel Noriega continued to hold the powerful position of assistant chief of staff for intelligence—the Panamanian government's only intelligence arm. In December 1982, Noriega became chief of staff of the National Guard.

Noriega Takes Control

In November 1982, a commission was established to draft a series of proposed amendments to the 1972 Constitution. The PRD supported the amendments and claimed that they would limit the power of the National Guard and help the country return to a fully democratic system of government. These amendments reduced the term of the president from six to five years, created a second vice presidency, banned participation in elections by active members of the National Guard, and provided for the direct election of all members of the legislature (renamed the Legislative Assembly) after nomination by legitimate political parties. These amendments were approved in a national referendum held on April 24, 1983, when they were considered to be a positive step toward lessening the power of the National Guard. In reality, however, the National Guard leadership would surrender only the power it was willing to surrender.

General Paredes, in keeping with the new constitutional provision that no active National Guard member could participate in an election, reluctantly retired in August 1983. He was succeeded immediately by Noriega, who was promoted to brigadier general. During the same month, Paredes was nominated as the PRD candidate for president. National elections were only five months away, and Paredes appeared to be the leading presidential contender. Nevertheless, in early September, President de la Espriella purged his cabinet of Paredes loyalists, and Noriega declared that he would not publicly support any candidate for president. These events convinced Paredes that he had no official government or military backing for his candidacy. He withdrew from the presidential race on September 6, 1983, less than a month after retiring from the National Guard. Although Paredes subsequently gained the support of the Popular Nationalist Party (Partido Nacionalista Popular—PNP) and was able to appear on the 1984 ballot, he was no longer a major presidential contender. Constitutional reforms notwithstanding, the reality of Panamanian politics dictated that no candidate could become president without the backing of the National Guard and, especially, its commander.

With Paredes out of the way, Noriega was free to consolidate power. One of his first acts was to have the Legislative Assembly approve a bill to restructure the National Guard, which thereafter would operate under the name of Panama Defense Forces (Fuerzas de Defensa de Panamá—FDP). Nominally, the president of the republic would head the FDP, but real power would be in the hands of Noriega, who assumed the new title of commander in chief of

the FDP (see Missions and Organization of the Defense Forces, ch. 5).

Meanwhile, the PRD—the military-supported party—was left without a candidate. To strengthen its base for the upcoming election, the PRD created a coalition of six political parties called the National Democratic Union (Unión Nacional Democrática—UNADE), which included the PALA, PLN, and PR, as well as the smaller PP and the left-of-center Broad Popular Front (Frente Amplio Popular—FRAMPO). With the approval of the military, UNADE selected Nicolás Ardito Barletta Vallarino to be its presidential candidate. Ardito Barletta, a University of Chicago-trained economist and former minister of planning, had been a vice president of the World Bank (see Glossary) for six years before his nomination in February 1984. Ardito Barletta was considered well qualified for the presidency, but he lacked his own power base.

Opposing Ardito Barletta and the UNADE coalition was the Democratic Opposition Alliance (Alianza Democrática de Oposición—ADO) and its candidate, the veteran politician, Arnulfo Arias. ADO, formed by the PPA, the PDC, the center-right National Liberal Republican Movement (Movimiento Liberal Republicano Nacional—MOLIRENA), and an assortment of leftist parties, was a diverse coalition made up of rural peasants (especially from Arias's home province of Chiriquí) and lower- and middle-class elements that opposed military rule and government corruption. During the campaign, Arias emphasized the need to reduce military influence in Panamanian politics. He called for the removal of the defense bill passed in September 1983, which had given the FDP control over all security forces and services.

The campaign proved to be bitterly contested, with both sides predicting victory by a large margin. Arias and his backers claimed that Ardito Barletta was conducting the campaign unfairly. Indeed, UNADE took advantage of being the pro-government coalition and used government vehicles and funds to help conduct its campaign. In addition, most of the media—television, radio stations, and newspapers—favored the government coalition. For example, only one of the country's five daily newspapers supported the ADO.

Voting day, May 6, 1984, was peaceful. Violence broke out the next day between supporters of the two main candidates in front of the Legislative Palace, where votes were being counted. One person was killed, and forty others were injured. Irregularities and errors in the voter registration and in the vote count led to credible charges of electoral misconduct and fraud. Thousands of people, who believed that they had registered properly, showed up at the polling places only to discover that their names had been

inexplicably left off the voting list. Large-scale vote-buying, especially in rural areas, was reported.

More serious problems developed during the next several days. Very few official vote tallies were being delivered from the precinct and district levels to the National Board of Vote Examiners, with no apparent reason for the delay. The vote count proceeded slowly amid a climate of suspicion and rumor. On May 9, the vote tabulation was suspended. On May 11, the members of the National Board of Vote Examiners declared that they could not fulfill their function because of 2,124 allegations of fraud, and they turned the process over to the Electoral Tribunal. The opposition coalition publicized evidence showing that many votes had been destroyed before they had been counted. These charges and all subsequent challenges by the opposition were rejected by the tribunal, even though the head of the three-member tribunal demanded a further investigation into the allegations. The election results were made public on May 16. Ardito Barletta won the election with 300,748 votes; Arias came in second with 299,035; retired General Paredes received 15,976. The military-supported candidate had won the election, and the threat to the political power of the FDP had been circumvented.

The United States government acknowledged that the election results were questionable but declared that Ardito Barletta's victory must be seen as an important forward step in Panama's transition to democracy. Relations between the United States and Panama worsened later in the year because of Panama's displeasure at the alleged slowness with which the United States-controlled Panama Canal Commission was replacing American workers with Panamanians.

The resignation of President Ricardo de la Espriella and his cabinet on February 13, 1984, was barely noticed during the intense election campaign. De la Espriella was forced out by Noriega. De la Espriella had opposed the military's manipulation of the election and strongly advocated free elections for 1984. During his brief tenure, de la Espriella had failed to institute any significant policy changes, and his presidency was lackluster. De la Espriella was succeeded immediately by Vice President Jorge Illueca, who formed a new cabinet.

Ardito Barletta, a straitlaced and soft-spoken technocrat, took office on October 11, 1984. He quickly launched an attack on the country's economic problems and sought help from the International Monetary Fund (IMF—see Glossary) to refinance part of the country's US\$3.7-billion debt—the world's highest on a per-capita basis. He promised to modernize the government's bureaucracy and

implement an economic program that would create a 5-percent annual growth rate. On November 13—to meet IMF requirements for a US\$603-million loan renegotiation—he announced economic austerity measures, including a 7-percent tax on all services and reduced budgets for cabinet ministries and autonomous government agencies. He revoked some of the measures ten days later in response to massive protests and strikes by labor, student, and professional organizations.

Negative popular reaction to Ardito Barletta's efforts to revive the country's stagnant economy troubled opposition politicians, the military, and many of his own UNADE supporters. Ardito Barletta's headstrong administrative style also offended Panamanian politicians who had a customary backslapping and back-room style of politicking. Moreover, Ardito Barletta's economic program conflicted with the military's traditional use of high government spending to keep the poor and the political left placated.

On August 12, 1985, Noriega stated that the situation in the country was "totally anarchic and out of control"; he also criticized Ardito Barletta for running an incompetent government. Observers speculated that another reason—and probably the real one—for the ouster of Ardito Barletta was FDP opposition to the president's plan to investigate the murder of Dr. Hugo Spadafora, a prominent critic of the Panamanian military. Shortly before his death, Spadafora had announced that he had evidence linking Noriega to drug trafficking and illegal arms dealing. Relatives of Spadafora claimed that witnesses had seen him in the custody of Panamanian security forces in the Costa Rican border area immediately before his decapitated body was found on September 14, just a few miles north of the Panamanian border.

Because of uneasiness within the FDP over the Spadafora affair, Noriega, using Ardito Barletta's ineffectiveness as an excuse, pressured Ardito Barletta to resign, which he did on September 27, 1985, after only eleven months in office. Ardito Barletta was succeeded the next day by his first vice president, Eric Arturo Delvalle Henríquez, who announced a new cabinet on October 3, 1985.

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A number of good books are available in English dealing with various periods of Panamanian history and with the construction of the canal and the diplomatic controversies that have arisen. David Howarth's *Panama* provides particularly good coverage of the period of conquest and colonization. The most comprehensive account

of Panama's unhappy association with Colombia is found in Alex Pérez-Venero's *Before the Five Frontiers*.

The importance of the canal in Panamanian development is explored in the eminently readable and informative *The Path Between the Seas* by David McCullough. A painstakingly thorough study of bilateral relations that focuses on the Panama Canal dispute from its origin until ratification of the Panama Canal treaties is found in *U.S.-Panama Relations, 1903-1978* coauthored by David N. Farnsworth and James W. McKenney. Detailed information on the negotiations and related events leading to the 1977 treaties is found in *A Chronology of Events Relating to the Panama Canal*, prepared for the United States Senate Foreign Relations Committee.

Steve C. Ropp's *Panamanian Politics: From Guarded Nation to National Guard* focuses on Panamanian political history until 1980. No detailed studies can be found on Panamanian political developments since 1980, but articles authored by Robert F. Drinan, Roberto Eisenmann, Jr., and Robert F. Lamberg are useful. (For further information and complete citations, see Bibliography.)

Chapter 2. The Society and Its Environment



Cuna Indian mola design of festival musician

PANAMANIAN SOCIETY OF the 1980s reflected the country's unusual geographical position as a transit zone. Panama's role as a crossing point had long subjected the isthmus to a variety of outside influences not typically associated with Latin America. The population included East Asian, South Asian, European, North American, and Middle Eastern immigrants and their offspring, who came to Panama to take advantage of the commercial opportunities connected with the Panama Canal. Black Antilleans, descendants of Caribbean laborers who worked on the construction of the canal, formed the largest single minority group; as English-speaking Protestants, they were set apart from the majority by both language and religion. Tribal Indians, often isolated from the larger society, constituted roughly 5 percent of the population in the 1980s. They were distinguished by language, their indigenous belief systems, and a variety of other cultural practices.

Spanish-speaking Roman Catholics formed a large majority. They were often termed *mestizos*—a term originally denoting mixed Indian and Spanish parentage that was used in an unrestrictive fashion to refer to almost anyone having mixed racial inheritance who conformed to the norms of Hispanic culture.

Ethnicity was broadly associated with class and status, to the extent that white elements were more apparent at the top of the social pyramid and recognizably black and Indian features at the bottom. Members of the elite placed a high value on purported racial purity; extensive ties of intermarriage within the group tended to reinforce this self-image.

Class structure was marked by divisions based on wealth, occupation, education, family background, and culture, in addition to race. The roots of the traditional elite's control lay in the colonial era. The fundamental social distinction was that between wealthier, whiter settlers who managed to purchase political positions from the Spanish crown and poorer *mestizos* who could not. Landholding formed the basis for the elite's wealth, political office for their power. When the isthmus became more pivotal as a transit zone after completion of the canal, elite control became less focused on landholding and more concerned with food processing and transportation facilities. Occasionally a successful immigrant family acquired wealth as the decades passed. Nevertheless, the older families' control of the country's politics remained virtually intact until the 1968 military coup.

The relationship between landowners and tenants or squatters, between cattle ranchers and subsistence farmers, was the dynamic that underlay social relations in rural Panama in the twentieth century. Cattle ranching had expanded to meet the growing demand for meat in cities. Small farmers cleared the tropical forest for cattle ranchers, planted it for one to two seasons, and then moved on to repeat the process elsewhere. As the population and the demand for meat increased, so too did the rate of movement onto previously unsettled lands, creating a "moving agricultural frontier."

Migration, both to cities and to less settled regions in the country, was a critical component in contemporary social relations. City and countryside were linked because the urban-based elite owned ranches or plantations, farmers and ranchers provisioned cities, and migration was an experience common to tens of thousands of Panamanians. Land and an expanding urban economy were essential to absorb surplus labor from heavily populated regions of the countryside. It remained to be seen how the social system would function in the face of high urban unemployment in the more straitened economic circumstances of the late 1980s.

Geography

Panama is located on the narrowest and lowest part of the Isthmus of Panama that links North America and South America. This S-shaped part of the isthmus is situated between 7° and 10° north latitude and 77° and 83° west longitude. Slightly smaller than South Carolina, Panama encompasses approximately 77,082 square kilometers, is 772 kilometers in length, and is between 60 and 177 kilometers in width (see fig. 1).

Panama's two coastlines are referred to as the Caribbean (or Atlantic) and Pacific, rather than the north and south coasts. To the east is Colombia and to the west Costa Rica. Because of the location and contour of the country, directions expressed in terms of the compass are often surprising. For example, a transit of the Panama Canal from the Pacific to the Caribbean involves travel not to the east but to the northwest, and in Panama City the sunrise is to the east over the Pacific.

The country is divided into nine provinces, plus the Comarca de San Blas, which for statistical purposes is treated as part of Colón Province in most official documents. The provincial borders have not changed since they were determined at independence in 1903. The provinces are divided into districts, which in turn are subdivided into sections called *corregimientos*. Configurations of the *corregimientos* are changed periodically to accommodate population changes as revealed in the census reports.

The country's two international boundaries, with Colombia and Costa Rica, have been clearly demarcated, and in the late 1980s there were no outstanding disputes. The country claims the seabed of the continental shelf, which has been defined by Panama to extend to the 500-meter submarine contour. In addition, a 1958 law asserts jurisdiction over 12 nautical miles from the coastlines, and in 1968 the government announced a claim to a 200-nautical-mile Exclusive Economic Zone.

The Caribbean coastline is marked by several good natural harbors. However, Cristóbal, at the Caribbean terminus of the canal, had the only important port facilities in the late 1980s. The numerous islands of the Archipiélago de Bocas del Toro, near the Costa Rican border, provide an extensive natural roadstead and shield the banana port of Almirante. The over 350 San Blas Islands, near Colombia, are strung out for more than 160 kilometers along the sheltered Caribbean coastline.

The major port on the Pacific coastline is Balboa. The principal islands are those of the Archipiélago de las Perlas in the middle of the Gulf of Panama, the penal colony on the Isla de Coiba in the Golfo de Chiriquí, and the decorative island of Taboga, a tourist attraction that can be seen from Panama City. In all, there are some 1,000 islands off the Pacific coast.

The Pacific coastal waters are extraordinarily shallow. Depths of 180 meters are reached only outside the perimeters of both the Gulf of Panama and the Golfo de Chiriquí, and wide mud flats extend up to 70 kilometers seaward from the coastlines. As a consequence, the tidal range is extreme. A variation of about 70 centimeters between high and low water on the Caribbean coast contrasts sharply with over 700 centimeters on the Pacific coast, and some 130 kilometers up the Río Tuira the range is still over 500 centimeters.

The dominant feature of the country's landform is the central spine of mountains and hills that forms the continental divide (see fig. 4). The divide does not form part of the great mountain chains of North America, and only near the Colombian border are there highlands related to the Andean system of South America. The spine that forms the divide is the highly eroded arch of an uplift from the sea bottom, in which peaks were formed by volcanic intrusions.

The mountain range of the divide is called the Cordillera de Talamanca near the Costa Rican border. Farther east it becomes the Serranía de Tabasará, and the portion of it closer to the lower saddle of the isthmus, where the canal is located, is often called the Sierra de Veraguas. As a whole, the range between Costa Rica

and the canal is generally referred to by Panamanian geographers as the Cordillera Central.

The highest point in the country is the Volcán Barú (formerly known as the Volcán de Chiriquí), which rises to almost 3,500 meters. The apex of a highland that includes the nation's richest soil, the Volcán Barú is still referred to as a volcano, although it has been inactive for millennia.

Nearly 500 rivers lace Panama's rugged landscape. Mostly unnavigable, many originate as swift highland streams, meander in valleys, and form coastal deltas. However, the Río Chepo and the Río Chagres are sources of hydroelectric power.

The Río Chagres is one of the longest and most vital of the approximately 150 rivers that flow into the Caribbean. Part of this river was dammed to create Gatun Lake, which forms a major part of the transit route between the locks near each end of the canal. Both Gatun Lake and Madden Lake (also filled with water from the Río Chagres) provide hydroelectricity for the area of the former Canal Zone.

The Río Chepo, another major source of hydroelectric power, is one of the more than 300 rivers emptying into the Pacific. These Pacific-oriented rivers are longer and slower running than those of the Caribbean side. Their basins are also more extensive. One of the longest is the Río Tuira, which flows into the Golfo de San Miguel and is the nation's only river navigable by larger vessels.

Panama has a tropical climate. Temperatures are uniformly high—as is the relative humidity—and there is little seasonal variation. Diurnal ranges are low; on a typical dry-season day in the capital city, the early morning minimum may be 24°C and the afternoon maximum 29°C. The temperature seldom exceeds 32°C for more than a short time.

Temperatures on the Pacific side of the isthmus are somewhat lower than on the Caribbean, and breezes tend to rise after dusk in most parts of the country. Temperatures are markedly cooler in the higher parts of the mountain ranges, and frosts occur in the Cordillera de Talamanca in western Panama.

Climatic regions are determined less on the basis of temperature than on rainfall, which varies regionally from less than 1.3 to more than 3 meters per year. Almost all of the rain falls during the rainy season, which is usually from April to December, but varies in length from seven to nine months. The cycle of rainfall is determined primarily by two factors: moisture from the Caribbean, which is transported by north and northeast winds prevailing during most of the year, and the continental divide, which acts as a rainshield for the Pacific lowlands. A third influence that is

present during the late autumn is the southwest wind off the Pacific. This wind brings some precipitation to the Pacific lowlands, modified by the highlands of the *Península de Azuero*, which form a partial rainshield for much of central Panama. In general, rainfall is much heavier on the Caribbean than on the Pacific side of the continental divide. The annual average in Panama City is little more than half of that in Colón. Although rainy-season thunderstorms are common, the country is outside the hurricane track.

Panama's tropical environment supports an abundance of plants. Forests dominate, interrupted in places by grasslands, scrub, and crops. Although nearly 40 percent of Panama is still wooded, deforestation is a continuing threat to the rain-drenched woodlands. Tree cover has been reduced by more than 50 percent since the 1940s. Subsistence farming, widely practiced from the northeastern jungles to the southwestern grasslands, consists largely of corn, bean, and tuber plots. Mangrove swamps occur along parts of both coasts, with banana plantations occupying deltas near Costa Rica. In many places, a multi-canopied rain forest abuts the swamp on one side of the country and extends to the lower reaches of slopes in the other.

Population

Regions of Settlement

Panama has no generally recognized group of geographic regions, and no single set of names is in common use. One system often used by Panamanian geographers, however, portrays the country as divided into five regions that reflect population concentration and economic development as well as geography.

Darién, the largest and most sparsely populated of the regions, extends from the hinterlands of Panama City and Colón to the Colombian border, comprising more than one-third of the national territory (see fig. 5). In addition to the province of Darién, it includes the *Comarca de San Blas* and the eastern part of Panamá Province. Darién—a name that was once applied to the entire isthmus—is a land of rain forest and swamp.

The Central Isthmus does not have precisely definable boundaries. Geographically, it is the low saddle of land that bisects the isthmus at the canal. It extends on the Pacific side from the Darién as far west as the town of La Chorrera. On the Atlantic, it includes small villages and clustered farms around Gatun Lake. East of the canal it terminates gradually as the population grows sparse, and the jungles and swamps of the Darién region begin. More a concept than a region, the Central Isthmus, with a width of about

100 kilometers, is the densely populated historical transportation route between the Atlantic and the Pacific and includes most of Colón Province.

Central Panama lies to the southwest of the canal and is made up of all or most of the provinces of Veraguas, Coclé, Herrera, and Los Santos. Located between the continental divide and the Pacific, the area is sometimes referred to as the Central Provinces. The sparsely populated Santa Fe District of Veraguas Province is located across the continental divide on the Atlantic side, however, and a frontier part of Coclé is also on the Atlantic side of the divide.

The hills and lowlands of Central Panama, dotted with farms and ranches, include most of the country's rural population. Its heartland is a heavily populated rural arc that frames the Bahía de Parita and includes most of the country's largest market towns, including the provincial capitals of Penonomé, Santiago, Chitré, and Las Tablas. This agriculturally productive area has a relatively long dry season and is known as the dry zone of Panama.

The remaining part of the Pacific side of the divide is taken up by Chiriquí Province. Some geographers regard it and Central Panama as a single region. But the lowlands of the two areas are separated by the hills of the Península de Las Palmas, and the big province of Chiriquí has sufficient individuality to warrant consideration as a separate region. The second largest and second most populous of the nine provinces, Chiriquí is to some extent a territory of pioneers as well as one of considerable economic importance. It is only in Chiriquí that the frontiers of settlement have pushed up well into the interior highlands, and the population has a particular sense of regional identity. A native of Chiriquí can be expected to identify himself, above all, as a Chiricano.

Atlantic Panama includes all of Bocas del Toro Province, the Caribbean coastal portions of Veraguas and Coclé, and the western districts of Colón. It is home to a scant 5 percent of the population, and its only important population concentrations are near the Costa Rican border where banana plantations are located.

Size and Growth

In mid-1987, Panama's population was estimated at 2.3 million, when 40 percent of the population was under 15 years of age (see fig. 6). This high proportion suggested continued pressure on the educational system to provide instruction and on the economy to create jobs in the next two decades. Population had increased more than 600 percent since the country's first census in 1911 (see table 2, Appendix A). The annual rate of increase ranged from less than 0.5 percent in the economically depressed 1920s to more than

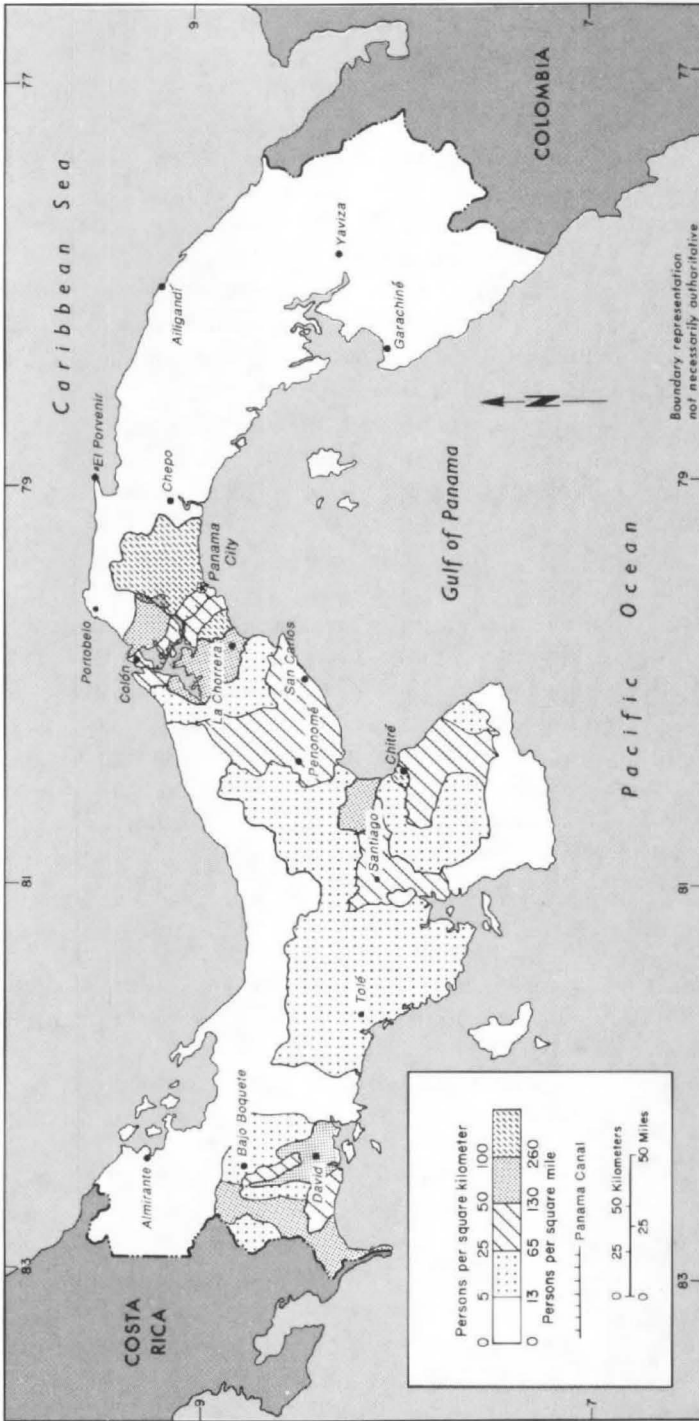


Figure 5. Population Density, 1980 Census

3 percent in the decade from 1910 to 1920 and in the 1960s. Demographers projected an annual growth rate of 2.2 percent in the 1980s, declining to 1.9 percent by 1990–95.

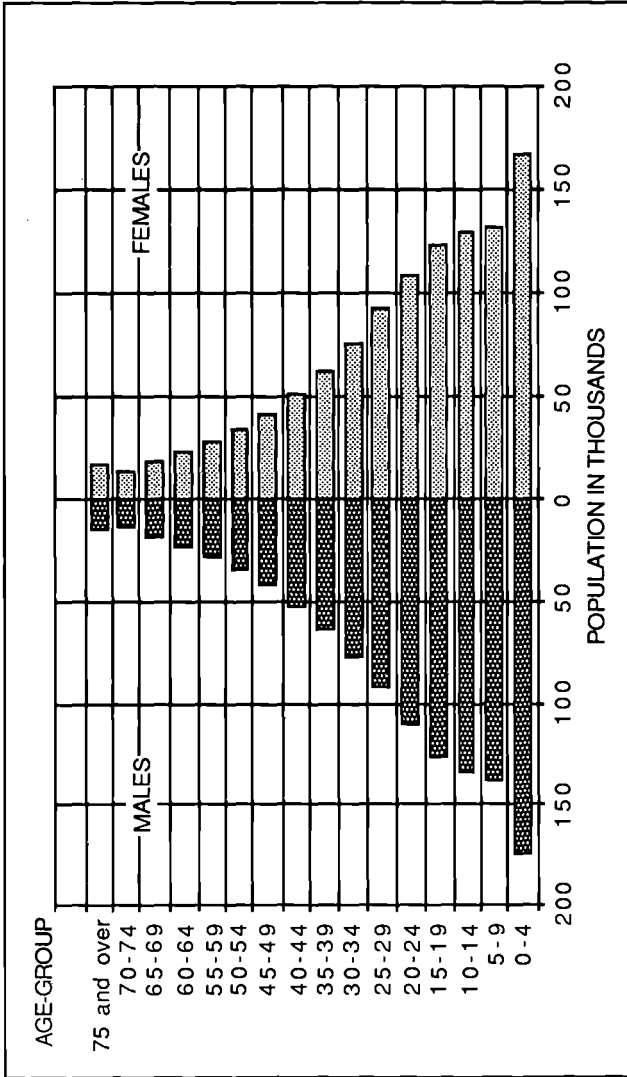
Provincial growth rates in the 1970s ranged from a low of 0.5 percent in Los Santos to a high of 3.5 percent in Panamá (see table 3, Appendix A). The population in Bocas del Toro, both in remote and rural areas, grew at an average annual rate of approximately 3.1 percent. This high growth rate was due to a significant influx of migrants in response to the development of the Cerro Colorado copper project in the eastern part of that province (see Mining, ch. 3). Population density was seventy-five persons per square kilometer. The highest densities and the region of the most concentrated urbanization were located in the corridor along the former Canal Zone from Colón to Panama City.

The crude death rate was 5 persons per 1,000 in the mid-1980s, a decline of nearly 50 percent from the mid-1960s. The crude birth rate was 27 per 1,000, a drop of one-third during the same period. Organized family planning began in 1966 with the establishment of the Panamanian Family Planning Organization, a private group. By 1969 the Ministry of Health was actively involved in family planning; clinics, information, and instruction were becoming more available to the population as a whole. By the late 1970s and early 1980s, more than 60 percent of women of childbearing age were using some form of contraception.

Ethnic Groups

Because the isthmus holds a central position as a transit zone, Panama has long enjoyed a measure of ethnic diversity. This diversity, combined with a variety of regions and environments, has given rise to a number of distinct subcultures. But in the late 1980s, these subcultures were often diffuse in the sense that individuals were frequently difficult to classify as members of one group or the other, and statistics about the groups' respective sizes were rarely precise. Panamanians nonetheless recognized racial and ethnic distinctions and considered them social realities of considerable importance.

Broadly speaking, Panamanians viewed their society as composed of three principal groups: the Spanish-speaking, Roman Catholic mestizo majority; the English-speaking, Protestant Antillean blacks; and tribal Indians. Small numbers of those of foreign extraction—Chinese, Jews, Arabs, Greeks, South Asians, Lebanese, West Europeans, and North Americans—were also present. They generally lived in the largest cities, and most were involved in the retail trade and commerce. There were a few retired United States citizens—



Source: Based on information from Panama, Directorate of Statistics and Census, *Estadística Panameña*, Vol. 970, Panama City, March 1985, 15.

Figure 6. Estimated Population by Age and Sex, 1987

mostly former Canal Zone officials—residing in Chiriquí. The Chinese were a major source of labor on the trans-isthmian railroad, completed in the mid-nineteenth century. Most went on to California in the gold rush beginning in 1848; of those who remained, most owned retail shops. They suffered considerable discrimination in the early 1940s under the nationalistic government of President Arnulfo Arias Madrid, who sought to rid Panama of non-Hispanics (see *The War Years*, ch. 1).

There were also small groups of Hispanic blacks, blacks (*playeros*), and Hispanic Indians (*cholos*) along the Atlantic coast lowlands and in the Darién. Their settlements, dating from the end of the colonial era, were concentrated along coasts and rivers. They had long relied on mixed farming and livestock raising, adapted to the particular exigencies of the tropical forest environment. In the mid-twentieth century, they began marketing small quantities of livestock, tropical fruits, rice, and coffee. In the 1980s, they were under pressure from the mestizo population, as farmers from the central provinces expanded into these previously isolated regions (see *Rural Society*, this ch.).

Antillean Blacks

Black laborers from the British West Indies came to Panama by the tens of thousands in the first half of the twentieth century. Most were involved in the effort to improve the isthmus transportation system, but many came to work on the country's banana plantations as well. By 1910 the Panama Canal Company had employed more than 50,000 workers, three-quarters of whom were Antillean blacks. They formed the nucleus of a community separated from the larger society by race, language, religion, and culture.

Since World War II, immigration from the Caribbean islands has been negligible. Roughly 7 to 8 percent of the population were Antillean blacks in the 1980s. Their share in the total population was decreasing, as younger generations descended from the original immigrants became increasingly assimilated into the Hispanic national society.

The Antillean community continued to be marked by its immigrant, West Indian origins in the 1980s. Some observers noted that Antillean families and gender ideals reflected West Indian patterns and that Antillean women were less submissive than their mestizo counterparts. The Antilleans were originally united by their persistent loyalty to the British crown, to which they had owed allegiance in the home islands. Many migrated to Panama with the intention of returning home as soon as they had earned enough money to permit them to retire. This apparently transient status,

coupled with cultural differences, further separated them from the local populace. Another alienating factor was the hostility of Hispanic Panamanians, which increased as the Antilleans prolonged their stay and became entrenched in the canal labor force. They faced racial discrimination from North Americans as well. Their precarious status was underscored by the fact that the 1941 constitution deprived them of their Panamanian citizenship (it was restored by the 1946 constitution). The hostility they faced welded them into a minority united by the cultural antagonisms they confronted.

The cleavage between older and younger generations was particularly marked. Younger Antilleans who opted for inclusion in the Hispanic society at large generally rejected their parents' religion and language in so doing. Newer generations educated in Panamanian schools and speaking Spanish well identified with the national society, enjoying a measure of acceptance there. Nevertheless, there remained substantial numbers of older Antilleans who were trained in schools in the former Canal Zone and spoke English as a first language. They were adrift without strong ties to either the West Indian or the Panamanian Hispanic culture. Isolated from mainstream Panamanian society and increasingly removed from their Antillean origins, they existed, in a sense, on the margins of three societies.

In common with most middle- and many lower-class Panamanians, Antillean blacks valued education as a means of advancement. Parents ardently hoped to give their children as good an education as possible because education and occupation underlay the social hierarchy of the Antillean community. At the top of that hierarchy were ministers of the mainline Protestant religions, professionals such as doctors and lawyers, and white-collar workers. Nonetheless, even a menial worker could hope for respect and some social standing if he or she adhered to middle-class West Indian forms of marriage and family life, membership in an established church, and sobriety. The National Guard, formerly known as the National Police and subsequently called the Panama Defense Forces (Fuerzas de Defensa de Panamá—FDP), served as a means of integration into the national society and upward mobility for poorer blacks (Antilleans and Hispanics), who were recruited in the 1930s and 1940s when few other avenues of advancement were open to them (see *Manpower*, ch. 5).

Indians

According to the 1980 census, Panama's indigenous population numbered slightly over 93,000, or 5 percent of the total population

(see table 4, Appendix A). Censuses showed Indians to be a declining proportion of the total population; they had accounted for nearly 6 percent of all Panamanians in 1960. The figures were only a rough estimate of the numbers of Indians in Panama, however. Precise numbers and even the exact status of several smaller tribes were uncertain, in part because many Indians were in the process of assimilation. Language, although the most certain means of identifying a person as an Indian, was by itself an unreliable guide. There were small groups of people who spoke only Spanish and yet preserved other indigenous practices and were considered Indians by their neighbors. The Guaymí, for example, showed little concern about linguistic purity and had adopted a wide variety of words of Spanish origin; nonetheless, they assiduously preserved indigenous religious belief and practice. By contrast, the far more acculturated Tórraba would not use foreign words, even for non-indigenous items.

The Indian population was concentrated in the more remote regions of the country, and for most tribes, isolation was a critical element in their cultural survival. The Guaymí, numbering roughly 50,000 to 55,000, or slightly more than half of the Indian population, inhabited the remote regions of northwest Panama. The Cuna (also referred to as the Kuna) were concentrated mainly along the Caribbean coast east of Colón; their population was approximately 30,000, about one-third of all Indians.

In addition, there were a number of smaller groups scattered in the remote mountains of western Panama and the interior of Darién. The Chocó (or Embera) occupied the southeastern portion of Darién along the border with Colombia. Most were bilingual in Spanish and Chocó, and they reportedly had intermarried extensively with Colombian blacks. They appeared to be in a state of advanced acculturation.

The Bribri were a small section of the Talamanca tribe of Costa Rica. They had substantial contact with outsiders. Many were employed on banana plantations in Costa Rica, and Protestant missionaries were active among them, having made significant numbers of converts.

The Bókatá lived in eastern Bocas del Toro along the Río Calové-bora. Linguistically, Bókatá speech was similar to Guaymí, but the two languages were not mutually intelligible. The tribe had not been as exposed to outsiders as had the Guaymí. In the late 1970s, there were virtually no roads through Bókatá territory; by the mid-1980s, there was a small dirt road passable only in dry weather.

The Tórraba were another small tribe, living in the environs of the Río Teribe. In the twentieth century, the tribe suffered major

population swings. It was decimated by recurrent tuberculosis epidemics between 1910 and 1930, but population expanded rapidly with the availability of better medical care after the 1950s. Contact with outsiders also increased. A Seventh Day Adventist mission was active in the tribe for years, and there was substantial acculturation with the dominant mestizo culture. By the late 1980s, the Térraba had abandoned most of their native crafts production, and their knowledge of the region's natural history was declining. They even looted their ancestral burial mounds for gold to sell. They refused employment on nearby banana plantations until the early 1970s, when a flood swept away most of the alluvial soil they had farmed. The Guaymí attempted to include the Térraba in Guaymí territory, but the Térraba stoutly resisted these efforts.

All of the tribes were under the jurisdiction of both the provincial and national governments. The Indigenous Policy Section of the Ministry of Government and Justice bore primary responsibility for coordinating programs that affected Indians, serving as a liaison between the tribes and the national government. There were a number of special administrative arrangements made for those districts in which Indians constituted the majority of the population. The 1972 Constitution required the government to establish reserves (*comarcas*) for indigenous tribes, but the extent to which this mandate had been implemented varied. By the mid-1980s, the Cuna were established in the Comarca de San Blas and the Chocó had government approval for official recognition of their own *comarca* in Darién. The Guaymí and the government continued negotiations about the extent of Guaymí territory. The Guaymí contended that government proposals would leave about half the tribe outside the boundaries of the reserve.

Indian education has frequently been under the de facto control of missionaries. The national government made a late entry into the field, but by the late 1970s there were nearly 200 Indian schools with nearly 15,000 students. Nevertheless, illiteracy among Indians over 10 years of age was almost 80 percent, in comparison with less than 20 percent in the population at large.

Cuna

The vast majority of Cuna Indians inhabited the San Blas Islands, with an estimated 3,000 additional Cuna living in small scattered settlements in Darién and in Colombia. The San Blas Islands are clusters of small coral islands, each only a few feet above sea level, along Panama's northeast coast. They contain some fifty densely settled Cuna villages. The density of settlement was one indication of a dramatic increase in population. Official census figures



*San Blas Cuna Indian villages
Courtesy Organization of American States*

showed a population increase of nearly 60 percent between 1950 and 1980. The 1980 census revealed that village size ranged from 37 to nearly 1,500 inhabitants; half the total population was accounted for in 19 villages ranging in population from 300 to 1,000, with one-third in settlements of more than 1,000. The census seriously undercounted the total Cuna population, however, because it excluded absent workers, whose numbers were significant, given the prevalence of out-migration for wage labor.

Before settling on the San Blas Islands, the Cuna lived in inland settlements concentrated on rivers and streams throughout the Darién. Their contacts with outsiders were confined to trade with pirates and limited interaction with two abortive European colonies attempted in the region in the late seventeenth and early eighteenth centuries. Then, a 1787 treaty with Spain began roughly a century of profitable trade, and the Cuna specialized in coconut farming, which continues to produce their main cash crop. Pressure from mestizo and Chocó Indians migrating into the Darién from Colombia toward the end of the nineteenth century gradually pushed the Cuna toward the coast and the villages they still occupied in the late 1980s.

The Cuna's contact with outsiders remained limited and circumscribed until around 1910. Panamanian settlement was focused along the isthmus, and the Colombian government was, in every significant sense, very distant. Although the Cuna themselves traded with passing ships, they did not permit the crews to debark. An individual Cuna might, however, serve a stint as a sailor, and groups would take a large canoe full of trading goods to Colón.

The Cuna were extensively dependent on outside sources for goods—indigenously produced items played little role in farming and fishing. In contrast to many rural mestizos and Indians elsewhere in Panama, the terms on which they bought outside manufactures were relatively favorable. The Cuna dealt only in cash; they bought from many suppliers; and Cuna themselves owned retail stores in San Blas.

By the early years of the twentieth century, the modern settlement pattern of the San Blas Cuna was well defined. Settlements varied in scale from temporary working camps of one to two families to permanent communities numbering in the hundreds. Social life then, as now, was organized around the twin foci of household and village. Descent was reckoned bilaterally, individuals tracing their ancestors and their progeny through both males and females. The household was the most significant grouping of kin. A 1976 survey found that households numbered on average 9.9 persons, with multiple family households the rule. Larger groupings of kin

had no formal role in social relations. Adult siblings were rarely close, and contacts between more distant relatives, such as cousins, were even more diffuse.

Cuna households, in their ideal form, were composed of a senior couple, their unmarried children, and their married daughters and sons-in-law and their offspring. The head of the household directed the work of those residing there; a son-in-law's position was extremely subordinate, particularly during the early years of his marriage. After several years of marriage, husbands usually tried to establish their own households, but the shortage of suitable land made this difficult.

Women were a major force in household decisions. Their sewing and household activities were respected work. Men dominated the public-political sphere of Cuna life, however, and women were overwhelmingly subordinate to men outside their homes. Only a few women had been elected to public office, but daughters of leaders sometimes held government appointments.

Politics and kinship were separate aspects of Cuna life. Kin, even close relatives, did not necessarily support one another on specific issues. Although the children of past leaders enjoyed some advantage in pursuing a career in politics, kinship did not define succession to political office.

Villages had formal, ranked elective political offices, including the chiefs and the chiefs' spokespersons (also known as interpreters). Most communities also had a set of committees charged with specific tasks. Chiefs (except in the most acculturated communities where the chiefs did not sing) derived their authority from their knowledge of the sacred chants, and the spokespersons derived theirs from their ability to interpret the chants for the people. Elected officials conducted elaborate meetings dealing with both religious and secular affairs. The number of officials, the presence or absence of a specifically designated meeting place, and the number and complexity of the meetings themselves were all measures of a village's stature.

Meetings or gatherings fell into two categories: chanting or singing gatherings attended by all members of a village and talking gatherings attended by adult men only. Singing gatherings were highly formalized, combining both indigenous and Spanish elements. The ritualized dialogue that chiefs chanted to their followers was common Indian practice throughout much of Latin America. Much of the actual vocabulary reflected Spanish influence. For example, the Cuna word for chief's spokesperson, *arkar*, is probably a corruption of the Spanish, *alcalde*.

Talking gatherings focused on exchanging information and taking care of matters that demanded action—relating travel experiences,

requesting permission to leave, or resolving disputes, for example. Resolution was reached through consensus in a gradual process directed by the chief or chiefs. Votes were rarely taken, and then only in the more acculturated communities. Agreement was evident when no further contrary opinions were stated. Historically, if an agreement could not be reached, the community would split up.

Cuna also held general congresses as frequently as several times per year. Each village sent a delegation; the size varied but typically at least one chief and a chief's spokesperson were included. The rules of procedure were highly formalized. As with local gatherings, the emphasis was on reaching a consensus of the group rather than acquiring the votes necessary for a majority. And, again, agreement was evident when no further contrary opinions were stated or when they were shouted down by the rest of the delegates.

Villages had considerable discretionary powers, and they regulated who could settle there. Most refused to accept Colombian Cuna displaced by cattle ranchers. Others expressed disapproval of landless San Blasinos (residents of San Blas) from other villages marrying into their village. The power of villages to grant or withhold travel permits was used as a sanction against misconduct and a weapon in political disputes. Women were rarely permitted to travel outside San Blas, and until the mid-1960s, many villages required an absentee worker to come home for harvest and planting or pay for a substitute.

Villages varied in their willingness to accept innovations. In general, the Cuna of eastern San Blas were more conservative, while those of the western and central parts more readily accepted outside influences. Modernist villages sent more workers to the larger society; conservative communities tended to rely more extensively on agricultural income for their livelihood. Village politics were concerned with questions of inheritance, boundary disputes, land sales, and property theft.

Land was privately held. As population increased, landholding and inheritance were more critical. In theory, all children had an equal right to inherit their parents' fields. In practice, though, most land passed from father to son. Sons, after fulfilling the labor obligations to their in-laws, farmed with their fathers.

Some coconut groves were held in common by the descendants of the original owner; common ownership gave these groups of descendants a strategic importance in controlling resources. Cooperative societies played a significant role in various economic ventures and had a major impact on coconut production, transporting, and selling.

Slash-and-burn farming on uninhabited islands and the mainland was the major economic activity, providing most subsistence. Bananas were the primary subsistence crop; coconuts, the main cash crop. Sources of nonagricultural income included migrant wage labor, the sale of hand-sewn items by Cuna women, and tourism. Most of the tourists were day visitors, but there were several resorts in the San Blas Islands owned by Cuna, United States citizens, and Panamanians. The Cuna also owned retail stores on the San Blas Islands.

Migrant wage labor was the most common source of nonfarm income. The Cuna have a long history as migrant laborers, beginning with their service as sailors on passing ships in the nineteenth century. In the early decades of the twentieth century, Cuna did short stints in Panama City, Colón, and on banana plantations. Later they worked in the Canal Zone. The United Fruit Company banana plantations in Changuinola and Almirante were frequent destinations for Cuna. The company viewed the Cuna as exemplary employees, and a few were promoted to managerial or semi-managerial positions as of the late 1980s. Migrant labor was a part of the experience of almost every young male Cuna in his late teens or early twenties. In contrast with most of rural Panama, however, women left San Blas very infrequently. A mid-1970s survey found that less than 4 percent of San Blas women of all ages were living away.

Missionary activity among the Cuna began with the Roman Catholics in 1907 and Protestant denominations in 1913. Non-Panamanian Protestants were banned in 1925. A small Baptist mission returned with legal guarantees of freedom of confession in the 1950s. The presence of missionaries was a bone of contention between modernist and traditional Cuna for decades. Christianity spread unevenly through the archipelago, and the San Blasinos often resisted it tenaciously. Converts were often lax in their adherence to the new creeds; indigenous belief and practice remained prominent. The Baptist mission, noted one anthropologist, was "thoroughly Kuna-ized."

Ritual was a major focus of Cuna concern and a significant part of the relations between non-kin. It formed the basis for community solidarity and esprit. A man gained prestige through his mastery of rituals and chants. Virtually the entire village took part in female puberty rites, which were held several times each year; much social interaction followed ritualized patterns closely.

Lavish sharing was an esteemed virtue; stinginess was disparaged. Thus, the Cuna continued to celebrate community solidarity through feasting, gift giving, and ritual. The community offered

food to visitors and entertained at public expense. The plethora of celebrations in the Cuna calendar offered ample occasions to display their generosity.

Many Cuna recognized the value of literacy, and schools had a long history in the archipelago. In the nineteenth century, some Cuna learned to read and write during periods of migrant labor. By the early 1900s, there were a few primary schools in San Blas. There was some resistance among the more conservative elements in Cuna society, but in general education encountered far less opposition than did missionaries' proselytizing. In the 1980s, most settlements of any size had a primary school; there were also several secondary schools. It was not uncommon for Cuna to migrate to further their education—there was a contingent of Cuna at the University of Panama, and a few had studied abroad. On islands with the longest history of schooling, illiteracy rates among those 10 years of age and older were in the range of 15 percent in the late 1970s. The 4 villages that had refused schools until the late 1960s and early 1970s averaged nearly 95 percent illiterate. Overall, more than half the Cuna population over ten years of age was literate, and a comparable proportion of those aged seven to fifteen were in school.

Cuna relations with outsiders, especially the Panamanian government, have frequently been stormy. In general, however, the Cuna have managed to hold their own more effectively than most indigenous peoples. Early in the twentieth century, there were several Cuna confederacies, each under the aegis of the main village's chief. The chiefs negotiated with outsiders on behalf of the villages within their alliance.

In 1930 the national government recognized the semiautonomous status of the San Blas Cuna; eight years later the government formed the official Cuna reserve, the Comarca de San Blas. The Carta Orgánica, legislated by Law 16 of 1953, established the administrative structure of the reservation.

Tensions between the state and the Cuna increased under the rule of Omar Torrijos Herrera (1968–81) as the government attempted to alter Cuna political institutions. Cuna were unhappy over the appointment of Hispanics rather than Cuna to sensitive posts. Relations reached a low point during the controversy surrounding government plans to promote tourism in the region, threatening San Blas's status as a reserve. The conflict ended, however, with the reaffirmation of the reserve's status. The extent of Cuna disagreements with the national government was reflected in their vote in the 1977 referendum on the Panama Canal treaties: San Blas was the only electoral district to reject the treaties. For

*Cuna girls
in traditional dress
Courtesy Agency for
International Development*



the Cuna, this action was less a statement about the fate of the former Canal Zone or Panamanian sovereignty than their rather strongly held views about their autonomy. Although many government-sponsored reforms were incorporated into Cuna political institutions, the San Blasinos continued to exercise a significant measure of autonomy.

Guaymí

The Guaymí Indians were concentrated in the more remote regions of Bocas del Toro, Chiriquí, and Veraguas. Because their territory was divided by the Cordillera Central, the Guaymí resided in two sections that were climatically and ecologically distinct. On the Pacific side, small hamlets were scattered throughout the more remote regions of Chiriquí and Veraguas; on the Atlantic side, the people remained in riverine and coastal environments.

Contact was recorded between outsiders and Guaymí in the seventeenth and eighteenth centuries. Spanish colonial policy tried to group the Indians into settlements (*reducciones*) controlled by missionaries. This policy enjoyed only limited success in the area of modern Panama. Although some Indians converted to Christianity and gradually merged with the surrounding rural mestizo populace, most simply retreated to more remote territories.

Roman Catholic missionaries had sporadic contact with the Guaymí after the colonial era. Protestant missionaries—mostly

Methodists and Seventh-Day Adventists—were active on the fringes of Guaymí territory on the Atlantic side, beginning in the early twentieth century. The Guaymí were impressed by missionaries because most missionaries, unlike mestizos, did not try to take advantage of them in economic dealings.

Present-day contact was most intense in Veraguas, where the mestizo farmers were expanding into previously remote lands at a rapid rate. Guaymí in Bocas del Toro and Chiriquí were less affected. The entry of these outsiders effectively partitioned Guaymí lands. There was a rise in the proportion of tribal members bilingual in Spanish and Guaymí, substantial numbers of whom eventually abandoned Guaymí and disclaimed their Indian identity.

Government schools, especially along the Atlantic portion of Guaymí territory, attracted Indian settlements. Many parents were anxious for their children to attend at least primary school. They arranged for their children to board as servants with Antillean black families living in town, so that the children could attend classes. The outcome was a substantial number of Guaymí young adults who were trilingual in Guaymí, Spanish, and English.

Guaymí subsistence relied on crop raising, small-scale livestock production, hunting, and fishing. In contrast to the slash-and-burn agriculture practiced by the majority mestizo population, Guaymí agriculture was more similar to the type of exploitation practiced in the pre-Columbian era. It placed less reliance on machete and match, and more emphasis on the gradual selective clearing and weeding of plots at the seedling stage of crop growth. The Guaymí burned some trees (that did not have to be felled), but generally left more vegetation to decay. This strategy did not subject the fragile tropical soils to the intense leaching that often follows clear cutting and burning of the tropical forest. The Guaymí agricultural system relied upon an intimate and detailed knowledge of the forest flora. The Guaymí marked seasons not as much by changes in temperature and precipitation as by differences in plants. They noted the times of the year by observing when various plants matured. As an agricultural system it was highly diversified, and the wide range of crop varieties planted conferred resistance to the diverse pests that afflict more specialized farming systems. As an example, Guaymí banana trees produced fruit for sale during all the years that blight had essentially shut down the commercial banana plantations in the region.

Like much of rural Panama, Guaymí territories were subjected to considerable pressure. The length of time land was left fallow decreased. In addition, there were few stands of even well-established secondary forest, let alone untouched tropical forest.

In the more intensively used regions, cultivators noted the proliferation of the short, coarse grasses that are the bane of traditional slash-and-burn agricultural systems (see *Rural Society*, this ch.).

The decline in stands of virgin and secondary forest led to a decrease in wildlife, which affected the Guaymí diet. Domestic livestock grew in importance as a source of protein because larger animals, such as tapir, deer, and peccary, once plentiful, were available only occasionally. Smaller livestock, such as poultry, was extremely vulnerable to disease and predation. Pigs and cattle were raised, but they were among the most consistently saleable products available; as a result, the Guaymí had to choose between protein and cash income. Overall, the diet was quite starchy, with bananas, manioc, and yams the main food items.

Wildlife was adversely affected by modern hunting techniques, also. Traditional hunting and fishing techniques had a minimal impact on the species involved. However, the small-caliber rifles, flashlights, and underwater gear used by Guaymí in the modern era were far more destructive.

The link of most Guaymí to the market economy was similar to that of many poorer rural mestizos. The Indians bought such items as clothing, cooking utensils, axes, blankets, alcohol, sewing machines, wristwatches, and radios. They earned the money for these purchases through period wage labor and the sale of livestock, crops, and crafts (the most unpredictable source of income).

Most Guaymí young men had some experience as wage laborers, although their opportunities were usually limited and uncertain. Some acquired permanent or semipermanent jobs. A few managed to get skilled employment as mechanics or overseers. Fewer still became teachers. The principal employers for Guaymí were the surrounding banana plantations and cattle ranches. Because government policy after the 1950s limited the hiring of foreign laborers on the plantations, Guaymí formed a major part of the banana plantation work force. A number of Indian families settled in towns to work on the plantations. Nonetheless, the wages Guaymí earned proved illusory since most, if not all, of their earnings were spent on living expenses while away from home.

The Guaymí link to the national economy not only provided cash for the purchase of a variety of consumer goods but also acted as a safety valve, relieving the pressure on land. Their dependence on this link was evident during the 1960s, when the Guaymí endured a real hardship because of a decline in demand for labor on banana plantations.

Settlement patterns among the Guaymí were intimately linked to kinship and social organization. Hamlets, each typically

representing a single extended family, were scattered throughout the territory. There were no larger settlements of any permanence serving as trading or ceremonial centers. A few mestizo towns on the fringes of Guaymí territory served as trading posts.

Each hamlet was ideally composed of a group of consanguineally related males, their wives, and their unmarried children. Nevertheless, this general rule glossed over residence patterns of considerable fluidity and complexity. At least at some points in an individual's life, he or she resided in a three-generation household. Households, however, took many forms, including nuclear families; polygynous households; groups of brothers, their wives, and unmarried children; a couple, their unmarried children, and married sons and their wives and children; or a mother, her married sons, and their wives and children.

A hamlet defined an individual's social identity, and access to land and livelihood was gained through residence in a specific hamlet. Typically, a person's closest kin resided there. The wide variety of family forms represented in hamlets reflected the diverse ways individual Guaymí used the ties of kinship to gain access to land. Depending on the availability of plots, an individual couple might live with the husband's family (the ideal), the wife's kin, the husband's mother (if his parents did not live together), the husband's mother's kin, or his father's mother's kin.

Guaymí had pronounced notions about which tasks were appropriately male or female; but men would build fires, cook, and care for children if necessary and women would, as the occasion demanded, weed and chop firewood. Women were never supposed to clear forest, herd cattle, or hunt. Nonetheless, a measure of expediency dictated who actually performed the required duties. Because most men migrated to look for employment, a significant segment of the agricultural work force was absent for lengthy periods of time. Consequently, women assumed a larger share of the farmwork during those absences. Their own male kinsmen helped with the heavier tasks. Children began assisting their parents at approximately eight years of age. By the time a girl was fourteen to fifteen years old and a boy seventeen to eighteen, they were expected to do the work of an adult.

Sharing of food and labor was an important form of exchange among kin. If a hamlet needed food, a woman or child would be sent to solicit food from relatives. Kin also formed a common labor pool for virtually all agricultural work. Guaymí did not hire each other as wage laborers. Non-kin assisted each other only for specific festive or communal works. Within the hamlet, all able-bodied family members were expected to contribute labor. Kin from

different hamlets exchanged labor on a day-by-day basis. Individuals were careful not to incur too many obligations so as not to compromise their own household's agricultural production. Those who received assistance were obliged to provide food, meat, and *chicha* (a kind of beer) for all the workers. Moreover, there was supposed to be enough food to send a bit home with each worker.

Marriage was the primary means by which Guaymí created social ties to other (non-kin) Guaymí. The ramifications of marriage exchanges extended far beyond the couple concerned. The selection of a spouse was the choice of an allied group and reflected broader concerns such as access to land and wealth, resolution of longstanding disputes, or acquisition of an ally in a previously nonaligned party.

Fathers usually arranged marriages for children. An agreement was marked by a visit of the groom and his parents to the home of the prospective bride and her family. The marriage itself was fixed through a series of visits between the two households involved. No formal ceremony marked the event. Ideally, marriage arrangements were to be balanced exchanges between two kin groups.

Initially the young couple resided with the bride's parents because a son-in-law owed his parents-in-law labor. Thus, a bride usually did not leave her natal hamlet for at least a year. For the husband, persuading his wife to leave her family and join his was a major, and often insurmountable, hurdle. If the marriage conformed to the ideal of a balanced exchange, however, a husband's task was considerably easier in that his wife had to join him or her brother would not receive a wife.

Young men in groups without daughters to exchange in marriage were at a disadvantage. Although they could (and did) ask for wives without giving a sister in return, the fathers of the brides gained significantly. A son-in-law whose family did not provide a bride to his wife's family faced longer labor obligations to his in-laws and uncertainty about when, or if, his wife would join him and his family.

A minority of all marriages were polygynous. Traditionally, a man's ability to support more than one wife was testimony to his wealth and prestige. Co-wives were often sisters. A man could marry his wife's younger sister after he had established a household and acquired sufficient resources to support two families. Wives lived together until their sons matured and married. At that time, an extended household would reconstitute itself around a woman and her married sons and their wives and children. Younger wives in polygynous marriages had a tendency to leave their husbands as they aged. A reasonably successful Guaymí man might expect to

begin his married life in a monogamous union, have several wives as he grew more wealthy, and finish his life again in a monogamous marriage.

In general, there were few external indications of differences in wealth, and there was no formal ranking of status in Guaymí society. Prestige accrued to the individual Guaymí male who was able to demonstrate largesse in meeting his obligations to kin and in-laws. A young man began to gain the respect of his in-laws by providing them well with food and labor. He further demonstrated his abilities by farming his own plots well enough to provide for his family and those of his kin who visited.

An individual might also gain prestige through his ability to settle differences. Historically, disputes between Guaymí were settled at public meetings chaired by a person skilled in arbitration. An individual's prestige was in proportion to his ability to reach a consensus among the parties involved in the dispute. In present-day Guaymí society, a government-appointed representative decided the case. Guaymí gained prestige by proposing settlements more acceptable to the disputants than those of the government representative. As an individual's reputation spread, other disputants sought him out to arbitrate. The entire process emphasized the extent to which indigenous political structures were acephalous and loosely organized. There were no durable, well-organized, non-kin groups that functioned in the political sphere; decision making was largely informal and consensual.

In the 1980s, government plans to develop the Cerro Colorado copper mine, along the Cordillera Central in eastern Chiriquí Province, gave impetus to the efforts of some Guaymí to organize politically. Most of the mining project as well as a planned slurry pipeline, a highway, and the Changuinola I Hydroelectric Project were in territory occupied by the Guaymí. Guaymí attended a number of congresses to protect their claims to land and publicize their misgivings about the projects. The Guaymí were concerned about the government's apparent lack of interest in their plight, about the impact on their lands and their productivity, and about the effect of dam construction on fishing and water supplies. Guaymí were also worried that proposed cash indemnification payments for lands or damages would be of little benefit to them in the long run. As of late 1987, however, the matter had not been fully resolved.

Social Organization

Family and Kin

In the late 1980s, family and kin continued to play a central role