

THE C

The
tance in
but its u
linked to

The
Panama.
itself wi
and from
United St

For
people or
governmen
common pe
inequality
on the Un.

Until
explanati
sought pop
Americans.
has done f
people hav
be solved

The n
more disti
since the
oligarchy.
revolution
chy is fin

ABSTRACT
MASTER'S THESIS
THE CHANGING RELATIONSHIP BETWEEN NATIONALISM
AND RADICALISM IN PANAMA SINCE 1945

The Republic of Panama has always had a strategic importance in world affairs, not because of its size or power but its unique location. The nation has been particularly linked to the United States' Canal Zone in its territory.

The canal has been both beneficial and detrimental to Panama. The oligarchy has been able to thoroughly entrench itself with the help of the wealth derived from the canal and from the direct assistance and rent payments of the United States.

For years the oligarchy has done little to benefit the people or to establish a truly representative and effective government. There has always been discontent among the common people in regard to this political and economic inequality, but the oligarchy has always placed the blame on the United States.

Until recently the populace was satisfied with this explanation. Traditionally, political parties and politicians sought popularity by promising to get concessions from the Americans. In response to this pressure the United States has done increasingly more for the country. However, the people have begun to realize that their troubles can not be solved by Americans alone.

The nationalist fervor is increasing and with a much more distinct leftist overtone. The movement, especially since the Castro revolution, is out of the hands of the oligarchy. The leftist leaders are talking of a true social revolution. There are some encouraging signs that the oligarchy is finally beginning to consider substantial reforms.

THE CHANGING RELATIONSHIP
BETWEEN NATIONALISM AND
RADICALISM IN PANAMA
SINCE 1945

By

John W. McCauley

A THESIS

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

MASTER OF ARTS

Department of History

1967

- I. In
 - II. Inc
 - III. Par
 - IV. Un
 - V. Ol
 - VI. Cou
 - VII. Lab
 - VIII. Cas
 - IX. A C
 - X. The
- App
- Bib

9-14/21

TABLE OF CONTENTS

I.	Introduction	1
II.	Independence and the Canal	4
III.	Panamanian Society	8
IV.	United States and Panama	19
V.	Oligarchy and Politics	25
VI.	Course of Politics, 1945-1965.	38
VII.	Labor and Communism.	85
VIII.	Castro and Panama.	96
IX.	A Changing Oligarchy?.	108
X.	The Future	116
	Appendices	119
	Bibliography	122

The ty
section on
of American
the text as
Americans h
possession.

since it is
always be a
in peace an

The fa
made clear
marked by d
in Panama.

Canal entai
displayed a
This lack o
the academi
indicated i
1964 demons
journalisti
little prod
history, po

This p

I. INTRODUCTION

The typical American history textbook contains a small section on the Panama Canal Zone as part of a general study of American expansionism. The Zone is usually classified in the text as an American possession and then forgotten. Most Americans have always held the same idea--the Zone is our possession. They have been confident with the thought that since it is administered and protected by Americans it would always be a dependable and safe link in our shipping lanes in peace and war.

The fact that there is more to the Canal situation was made clear to Americans in 1959 and 1964. Both years were marked by dangerous, destructive anti-American demonstrations in Panama. Though now more Americans realize that the Panama Canal entails more than their textbooks indicated, few have displayed any greater interest than they did before 1959. This lack of concern is not limited to the general public; the academic community has also ignored it. This is clearly indicated in the bibliography of this paper. The 1959 and 1964 demonstrations excited some brief activity in both the journalistic and academic circles, but there has been very little produced beyond the superficial level on the Panamanian history, politics, or society.

This paper is not intended to be a definitive study of

panama, nor

examination

Since

been swept

docile, sil

content with

charged with

that any ch

of independ

ruling olig

in the Unit

than explan

mass-action

At fir

States, and

granted swe

evils. The

these masse

educated in

solution to

than anywher

ruling olig

States may h

were not led

Panama, nor even of one particular phase. It is a questioning examination of one developing phenomenon of Panamanian life.

Since the war most of the world, including Panama, has been swept by an increasing desire for change. The once docile, silently-suffering masses of Panama are no longer content with things as they are. These masses have been charged with a desire for change and the firm conviction that any change will be an improvement. For two generations of independent Panamanians it was enough to be told by their ruling oligarchy that the source and cure of their misery lay in the United States. But now a new generation wants more than explanations. They want changes, and they know that mass-action prodding is the way to get it.

At first this prodding was directed against the United States, and it achieved results. The United States has granted sweeping benefits to Panama which have improved many evils. The phenomenon of Panama results from the fact that these masses have been becoming more sophisticated and better educated in recent years. They are realizing that the real solution to their problems lies more within their own country than anywhere else. They probably realize that their own ruling oligarchy has exploited them as much as the United States may have done. The 1959 and 1964 demonstrations were not led by the traditional rulers; the demands voiced

then went

the demons

to the old

Espec

for change

now desire

Panama is

country fo

oligarchy

as a scape

The p

period and

rently wit

effectivel

3.

then went far beyond what the oligarchy wanted, and in fact the demonstrations and resultant changes were detrimental to the old elite oligarchy.

Especially since the 1959 Castro revolution, the prodding for change has taken on a more universal character. The masses now desire a true social revolution. The first phenomenon of Panama is that the people have begun to look within their own country for solutions. The second phenomenon will be when the oligarchy finally gives up its attempts to use the United States as a scapegoat and, also, looks inward to make changes.

The purpose of this paper is to examine this postwar period and to trace the increasing desire for change concurrently with the continuing failure of the oligarchy to deal effectively with this new generation.

The Re

historically

statistics

Atlantic-Pa

mercial cou

as well as

has increas

Panama

miles. Its

The two lar

smaller of

is that whi

seventy-fiv

European.

brought in

Oriental w

tunities.

The ex

revolt again

had been act

times afterw

area to keep

II. INDEPENDENCE AND THE CANAL

The Republic of Panama because of its location has historically been more important than its modest vital statistics would indicate. As the natural causeway of Atlantic-Pacific transportation it is known to all commercial countries. Since 1903, the year of its independence as well as its obligation to the United States, the nation has increasingly become a political concern of many nations.

Panama is small. The total area is only 28,576 square miles. Its population is approximately one and a half million. The two largest cities total only 400,000 people with the smaller of the two having only 60,000. The racial mixture is that which is characteristic of most of Latin America; seventy-five percent are a combination of Indian, Negro, and European. The population also includes West Indian Negroes brought in by the Americans to help build the Canal and Orientals who were attracted by Panama's commercial opportunities.

The existence of Panama as a nation is the result of a revolt against Colombia. A separatist movement in Panama had been active since 1825. As early as 1856, and some few times afterwards, American troops had landed in the Panama area to keep open the trans-isthmian railroad. The final

break with Colombia was engineered by Panamanian businessmen who were afraid that the Colombian hesitation about granting the United States rights for a canal might permanently kill the canal project.

President Roosevelt's role in this revolution has been the source of controversy. It is certain that he and Panamanian business leaders were seeking mutual advantage. But controversy between the two nations soon developed. The most vital point in the controversy was to hinge on what right Philip Bunau-Varilla had to negotiate the treaty for Panama. Bunau-Varilla, a Frenchman, was in Panama representing the then bankrupt French Canal Company. He represented Panama because he had been instrumental in arranging the quick recognition of the new nation.

The United States soon made clear the policy it would assume on Panamanian internal politics. William Taft became Secretary of War in February, 1904. In this post he was responsible for the canal project. In his first year Taft was confronted with a possible Panamanian internal revolt led by a General Huertas representing the Liberal Party. Taft made the decision that the United States interest would be best served if the Conservative Party were kept in power. He was afraid that the Liberal elements would appeal to the Negro electorate and conceivably produce a Negro government.

In 19

Secretary

control co

Party was

Amador's c

Taft did n

there coul

Secretary

Roosevelt

Much c

during the

Indies appe

need for ch

British col

these labor

States were

or "silver"

At first it

when this n

parent that

and all Negr

discriminati

In 1908, in Panama's second presidential election, Secretary Taft was to realize that in Panama even one party control could have dangerous consequences. The Conservative Party was in the midst of a power struggle between President Amador's candidate Ricardo Arias and José Domingo de Obaldía. Taft did not care who won, but he did want free elections so there could be no basis for post-election revolution. The Secretary of War used pressure to insure this and convinced Roosevelt that it would have to be a regular American function.¹

Much of the trouble between the two nations was created during the ten years of canal building. The British West Indies appeared to be a perfect solution to the United States' need for cheap, English-speaking labor. Thousands of these British colonials were brought to the Canal Zone. Because these laborers were Negro the segregation practices of the United States were adopted. Workers were classed as either "gold" or "silver" roll employees and each roll had its own pay scale. At first it referred to the actual form of payment. Later when this no longer had significance it was blatantly apparent that silver roll workers (non-United State citizens and all Negroes) were singled out for work, pay, and social discrimination. Unfortunately, all Panamanian nationals were

¹ Ralph E. Minger, "Panama, the Canal Zone, and Titular Sovereignty," "Western Political Quarterly", XIV (June, 1961), 553.

thus "silver

practices of

The And

commendable

patriation,

tinual job

tence in the

Once at the

leave the Z

Goethals who

Panamanians

for these a

Forced from

element of

they became

blow to the

to become v

nationalism

2 George
(Princeton:

thus "silver" workers and subject to the discrimination practices common to the Southern United States.

The American treatment of these West Indians was not commendable. The West Indians were originally promised repatriation, but most remained to serve as labor for the continual job of keeping the canal clear. However, their existence in the Canal Zone was dependent upon their work ability. Once at the age of retirement or disabled they were forced to leave the Zone. The American credo is best summed up by Goethals who said he "did not care to see a population of Panamanians or West Indian negroes [sic] occupying the land, for these are non-productive, thriftless, and indolent."² Forced from the Zone these West Indians became a smoldering element of discontent. Their pensions were inadequate so they became wards and slum-fillers of Panama. It was another blow to the United States-Panama relations. These people were to become victims as well as causes of rising Panamanian nationalism.

²George W. Goethals, Government of the Canal Zone (Princeton: Princeton University Press, 1915), p.64.

The fo
on a consti
Panamanian
in 1904 and
president, t
There is som
cities and t
1954, the na
had a nation
more than 30
dent Remón in
tivated, but
national mil
The Nati
of whom repre
have great po
tiously been
rubber-stamp

III. PANAMANIAN SOCIETY

A. Government

The formal government structure of Panama is based on a constitution adopted in 1946. This is the third Panamanian constitution. Earlier ones had been adopted in 1904 and 1941. The present compact provides for a president, the National Assembly, and a national judiciary. There is some measure of local autonomy with the major cities and the provinces electing local officials. Until 1954, the nation was without an army. The nation has always had a national police force. This police force, now numbering more than 3000, was elevated to the rank of an army by President Remón in 1954. This elevation was not politically motivated, but intended to allow it to participate in international military conferences.³

The National Assembly presently contains 38 members each of whom represents over 15,000 citizens. The Assembly does have great potential power, but thus far it has not conscientiously been exercised. The National Assembly is usually a rubber-stamp body, often meeting without a quorum.

³ "Panama," Hispanic American Report (HAR), VII (February, 1954), 16.

The politics and power structure are much more intricate than is apparent in its formal appearance. The dominating reality in its politics is the role of the United States. Since 1903, the United States has acted both as a stabilizing influence and also as the major source of revenue. This guaranteed income, provided without burdening taxes, has stifled the initiative of the government. One critic points out that "the characteristic function of Panamanian politics is to distribute among the powerholders and their followers a supply of goods and services rather than to expand this supply."⁴

Power and control in the country is usually exercised by the president. Formal checks are provided, but seldom exercised. More often his policies are controlled by sporadic, often violent outbursts of public opinion which may be expressed through the National Assembly, the National University, or mob demonstrations.

Since 1931, the National Guard has been expanding its role in politics. This trend was best exemplified during the Remón era from 1946 to 1956. The Guard is filling a gradually increasing power vacuum created by a disintegrating

⁴ John Biesanz and Luke M. Smith, "Panamanian Politics," The Journal of Politics, XIV (August, 1952), 386

[Faint, mostly illegible text covering the majority of the page]

ol.
Po
int
po
Th
ad
The
wea
mar
Clu
con
are
aid
dem
keen
subs
owne
as t
over
6
Planta

oligarchy and an unorganized middle class.⁵

Political parties are extremely fluid and undisciplined. Political differences usually have the characteristics of an intra-party, intra-class factional dispute rather than a basic political difference. Leadership is based on personal authority. This authority rests on patronage, public image, wealth, and adherence to the norms of the Panamanian political philosophy. The leaders are normally from a small group of families whose wealth derives from agricultural pursuits and commerce. The mark of distinction is membership in the aristocratic Union Club. Success in business is often dependent on political connections and political standing. These political leaders are often in a dichotomous position. They want more American aid for commercial reasons; and yet, they are forced to condemn American imperialism to maintain their political position.

The influence of business in the politics of Panama is keenly illustrated by the case of the United Fruit Company subsidiary in Panama: The railroads of Panama are government owned, yet this company has the right to build railroad lines as they please and their banana wagons have the right-of-way over all trains.⁶ Also illustrative is the fact that luxuries,

⁵ Ibid., 397

⁶ Ricardo Vargas Lopez, "Trade Unionism in Panama's Banana Plantations," Inter-American Labor Bulletin, VII (April, 1956), 5.

to be sold to tourists, are imported tax free by the businessmen.⁷

B. Economy

Panama displays many of the economic characteristics which are commonly attributed to Latin American countries. Its rate of population growth is approximately 3 percent each year. The economically active part of the population supports more dependents than in the more developed countries; more than forty percent of all Panamanians are under fifteen years of age.⁸ The economically active in the population number over 300,000. About 53 percent of these people are employed in agriculture. Salaries vary between \$70.00 and \$160.00 per month for non-agricultural workers.⁹ Despite the small number in non-agricultural work, the unemployment rate averages around 20 percent of the work force.¹⁰ The unemployment problem is compounded by the United States as the largest single employer in the country. Many Panamanians do not work except when they

⁷ John Biesanz, The People of Panama (New York; Columbia University Press, 1956), p.101.

⁸ Ibid., III

⁹ "Report on Panama," Latin-American Report, IV (September, 1961), 14.

¹⁰ "New Riots in Panama," The New Republic, November 28, 1964, p.9

can be emp

wages.

Also

sector is

post-war

provided

increased

solution.

the first

ported.¹²

port rice

ment and

still for

1963.¹³

for market

the residue

such as t

are impacted

¹¹ Bie

¹² "pa

¹³ U.S.
Special S
Panama, C

¹⁴ U.S.

can be employed at the Canal Zone which pays relatively high wages.

Also, as in much of Latin America, Panama's agricultural sector is beset with problems. In 1941, before the war and post-war development programs began, the agricultural sector provided only 11.3 percent of the national income.¹¹ This had increased to 33 percent in 1956, but the problems are far from solution. In 1953, the country reached a new landmark; it was the first year that no rice, a basic food commodity, was imported.¹² By 1960, rice growers were even beginning to export rice to the Canal Zone. Despite this singular achievement and increasing agricultural production, the Republic was still forced to import 12 percent of its total food needs for 1963.¹³ At present, the greatest need is for adequate roads for marketing crops. Some areas are still so isolated that the residents know only vaguely of the Canal Zone. Areas such as these are connected to the urban areas by roads which are impassable eight months of each year.¹⁴

¹¹Biesanz, People of Panama, 99.

¹²"Panama," HAR., VI (September, 1953), 16.

¹³U.S., Congress, House, Committee on Foreign Affairs, Special Study Mission to Latin America: Peru, Ecuador, Colombia, Panama, Costa Rica, 88th Cong., 1st Sess., 1963, p.32.

¹⁴U.S., Congress, House, Special Study Mission..., p.33.

Like
percent of
private
no claim
of the pr
land only

The
talizing
natural
have usual
This comm
1940, 45
situation
1941 Con
much mor
of the n
statutes
must be
payroll
usually

The

15 B

16 J

Like many countries of Latin America, Panama has one percent of its population owning over fifty percent of the private land. Most small farms are worked by squatters with no claim to the land. It has been estimated that only one-fifth of the privately owned land is cultivated. Furthermore, on this land only 13.2 percent of the farms are owner-operated.¹⁵

The Panamanian business community has concentrated on capitalizing on its strategic location rather than developing its natural resources. The attempts to capitalize on natural wealth have usually coincided with slow times in trans-isthmian trade. This commercial sector has been dominated by foreigners. In 1940, 45 percent of the businessmen were foreigners. This situation prompted, in part, President Arnulfo Arias in his 1941 Constitution to "nationalize" Panamanian business. The much more moderate 1946 Constitution maintained the principle of the nationalization. This constitution, along with certain statutes, provides that 51 percent of a corporation's stock must be owned by Panamanians, and 75 percent of employees and payroll must go to Panamanians.¹⁶ However, these laws are not usually enforced.

The presence of the United States and of the Canal is

¹⁵Biesanz, People of Panama, 123.

¹⁶Ibid., 103.

extremely

indicative

\$83 million

million.

income from

Besides

income, the

employer.

than the

combined

Low

in Panama

sible re

2. poor

attitude

cated in

because

17 Se

18 Jan
February

19 Un.
Commission
Economic
(Panama C

20 Bie

extremely important to the economy.¹⁷ Some brief notes are indicative. In the 1956 fiscal year the Panamanians imported \$83 million in goods; their total exports equaled only \$17 million. This huge deficit was alleviated by a \$65 million income from the Canal Zone Company.¹⁸

Besides providing such a large share of the national income, the Canal Zone Company is also the largest single employer. In the year 1950, the Zone employed more people than the manufacturing, electricity, gas, and water sectors combined.¹⁹

Low labor productivity has also been an important factor in Panama's weak economy. Four factors can be cited as possible reasons for this productivity level: 1. poor health, 2. poor training, 3. age structure of population, 4. poor attitudes toward work and savings.²⁰ This attitude is indicated in the fact that a large lumber source goes untapped because of a labor shortage in the midst of an unemployment

¹⁷ See Appendix A.

¹⁸ James L. Busey, "Conflict in Panama," New Leader, February 15, 1960, p. 17.

¹⁹ United Nations, Economic and Social Council, Economic Commission for Latin America, Analysis and Projection of Economic Development, VII (E/CN.12/494, April 15, 1959) (Panama City), p. 304.

²⁰ Biesanz, People of Panama, III.

crisis.²¹

eager to l

The e

Industrial

creased 61

Yet, a U.

of the nat

However, a

sults: a

modern ma

projects,

lation th

velopment

as a pre-

The gover

needed ba

use a gra

on an ince

21 Law
1903--1950
1951, p.9.

22 Uni

23 U.

24 Pa

crisis.²¹ Panama has few skilled laborers, and few who are eager to learn.

The economy of Panama is filled with such contradictions. Industrialists can be proud of the fact that production increased 61.9 percent in the eleven years between 1945 and 1956.²² Yet, a U. S. government study indicated that only 1.4 percent of the nation's potential hydroelectric power is developed.²³ However, a development program begun in 1953, has produced results: a hydroelectric plant on the Río Caldera River, a modern market in Panama City, and many new roads.²⁴ But these projects, along with others, have been so marked by land speculation that the International Bank for Reconstruction and Development insisted that the government suspend all land sales as a pre-condition for a loan for road development in 1960. The government, controlled by the oligarchy, has failed to make needed basic economic structure changes. Yet, the country does use a graduated income tax which reaches a peak of 24 percent on an income of \$1,000,000 or more.

²¹ Lawrence O. Ealy, The Republic of Panama in World Affairs, 1903--1950 (Philadelphia: University of Pennsylvania Press, 1951, p.9).

²² United Nations, Analysis and Projection . . . , 109.

²³ U. S. Congress, House, Special Study Mission . . . , 33.

²⁴ "Panama", HAR., VI (June, 1953), 14.

F

M

h

an

wh

fa

of

Ni

ane

C. Social Structure

The social structure of Panama is that typical of an underdeveloped country. The middle class is small and undisciplined as a political force. At best, most authorities agree, the middle class does not exceed more than 25 percent of the population. The middle class which does exist is not largely located in the commercial sector--this area is controlled by the aristocracy. The middle class subsists on the government payroll. This provides a large measure of security since the Canal Zone keeps up a steady, large government revenue. The occupational groups in this class besides government workers are a few professional people and some skilled laborers.

The living standard of this middle class is not luxurious. Family incomes vary between \$75.00 and \$125.00 per month.²⁵ Most live in overcrowded and poorly-kept apartments. The housing shortage in Panama was estimated to be 20,000 units and increasing by 4000 units annually in 1962.²⁶ To pay for what is considered a middle class standard of living, many families have the wife and unmarried children working as well

²⁵ Carolyn S. Campbell and Ofelia Hooper, "The Middle Class of Panama," La Clase Media En Panama, El Salvador, Honduras, Y Nicaragua, ed. Theodore R. Crevanna (Washington: Union Panamericana, 1950), 54.

²⁶ U. S. Congress, House, Special Study Mission . . . , 33.

o

:

h

o

s

I

w

t

no

su

Ne

la

not

the

The

lur

bus

Indi

no e

State

them

as the husband working at two jobs. To this class, education is the key to mobility. What political influence is manifested by this class is usually through the children in their student groups.

The other outstanding characteristic of the Panamanian social structure is the role of the English-speaking West Indian Negro. This group is the object of discrimination which periodically reaches intense levels, usually in response to recessive periods in the economy. This discrimination is not racial in the usual sense. Historically, Negroes have not suffered any discrimination. Two of the early presidents were Negroes. It depends more on the Panamanian-United States relationship.

At the time these people were brought to Panama they were not considered competitive labor, but soon after completion of the canal they became a source of competition to the Panamanian. The West Indians were encouraged to stay in the area both by the lure of high United States wages and the influence of Panamanian businessmen who saw them as a source of profit.

These new residents were soon to create problems. The West Indian considered his English-oriented culture superior and made no effort to mix with the Panamanians. Secondly, the United States-introduced discrimination soon spread to the Panamanians themselves. A combination of rising nationalism and fear of

West Indian competition reached its peak in the now repealed 1941 Constitution which deprived all children born in Panama to West Indian parents of citizenship. Though this racial conflict is not presently as intense as in the past, it is still intimately linked to the entire issue of Panamanian nationalism and the presence of the United States.

The majority of Panamanians are grouped as lower class. They are characterized by low education levels, poor living conditions, and frequent unemployment. Politically, they are a source of violent activity usually directed by demagogues. The upper class which constitutes a very small minority will be discussed in a later section.

IV. UNITED STATES AND PANAMA

The relationship between the Panamanians and their tenant, the United States, has never been without difficulties. Fortunately, relations are usually peaceful and cordial. The most serious of the conflicts is in the economic area. Deep-seated in the Panamanian thinking is the claim that they have been deprived by the United States of their most valuable resource and never adequately reimbursed. This stolen resource is the wealth the Panamanians had by monopolizing the over-land trans-isthmian trade before the canal. This charge is often made by leading citizens such as once-presidential candidate David Turner Morales who claims that the canal is a parasite which has caused increased smuggling, put good land to no use, drained off the labor force, and established an unfavorable balance of trade.²⁷

Though there is some truth to these charges, the country once exported cattle and fish and now imports both, most seem unrealistic, misinformed, and contradictory.²⁸ The most glaring contradictions in the canal issues are usually among the Panamanians, for the canal is many things to many different people.

The Canal Company presently employs 11,000 Panamanians;

²⁷Busey, "Conflict in Panama", 17.

²⁸Peter Schmid, "Double Flags and Double Standards in Panama", Reporter, September 30, 1952, p. 18.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

still, there are 37,000 unemployed in Panama City alone. Apparently there is not a labor shortage.²⁹ Many of the nationalistic elements--students and middle class--insist the Canal Company should employ even more Panamanians. Admittedly the actual rent payment to Panama is small, but it does not represent the true value to Panama of the canal. In addition to the investments and expenditures of private American businessmen, who represent the major foreign investors, the Canal Zone Company reported total wealth poured into Panama as \$82.73 million in 1962. A breakdown of this spending is below:

	<u>Millions</u>
Net payments to non-U.S. citizens employed in the Canal Zone.....	\$33.0
Retirement annuity payments to residents of Panama..	3.4
Direct purchases made in Panama by U.S. Government agencies and private organizations.....	16.2
Expenditures made in Panama by U. S. citizens residing in Canal Zone.....	19.2
Contractors' purchases in Panama of goods and services for Canal Zone.....	9.0
Canal Zone annuity.....	1.93
Total.....	82.73 ³⁰

²⁹Detroit Free Press, April 17, 1966, B, p.1.

³⁰U. S. Congress, House, Special Study Mission. . . , 38.

9
c
P
m
t
p
in
se
le

Un

U.S.

Many other contradictions exist. The United States still must deal with the charge that Panamanians are paid less than Americans for the same work. The Americans defend themselves with the claim that Panamanians average 20 to 180 percent more in wages than they could get in Panamanian jobs.³¹ Yet others claim that the high American wages are damaging to Panama. In 1933, President Harmodio Arias told President-elect Roosevelt that the high United States wages were ruining Panamanian agriculture and later critics have repeated this charge.³²

One of the most bitter and long-standing of the economic grievances was over the American commissaries which offered cut-rate products to all Zone employees. This was unfair competition to the Panamanian businessmen who demanded their termination. The United States finally acquiesced in the 1955 treaty revisions with Panama. The agreement denied commissary privileges to 17,000 Panamanians. The cut-back also resulted in a loss of employment for 1,900 Panamanians. This hardly satisfied the Panamanian employees who futilely demanded at least a temporary suspension of this provision.

At present the two most distressing issues between the United States and Panama are the annuity amount and the question

³¹ "Baiting the U.S.: Now Panama Joins the Game," U.S. News and World Report, December 14, 1959, p. 43.

³² Biesanz, People of Panama, 82.

C

w

w

Z

m

m

r

Ti

th

wh

bc

wa

fo

Dr

by

hav

mad

Pan

de (

unde

of sovereignty in the Canal Zone territory. The Panamanians would like to receive a \$40 million annual annuity, a figure which represents about 50 percent of the gross income of the Zone. The Zone Company contends that net profits are \$2.6 million and Panama gets \$1.93 million from this.

The sovereignty issue is the most difficult. The Panamanians have been extremely reluctant to lease any more territory to the United States primarily because of this issue. This was the stumbling block in the negotiations over whether the United States could retain many of the defense bases which had been designed during World War II. This same issue bogged down the negotiations over land the United States wanted to lease for Nike missile stations.

The influence of the United States has been beneficial for Panama in many ways. A Panamanian agrarian economist, Dr. Gustavo R. Gonzáles, has admitted that Panama has benefited by the training in skills and work habits some Panamanians have received as Zone employees.³³ Many attempts have been made to utilize fully the potential of United States aid in Panama. Notable among these were SICAP (Servicio Interamericano de Cooperación Agrícola de Panama) which is a joint program under the United States' Point-4 Program and the Panamanian

³³ Busey, "Conflict in Panama", 17.

government.³⁴ The Americans have provided roads, public facilities, pure water, sanitation, and money to Panama since 1903.

The years of World War II saw a spurt in Panamanian prosperity and closer cooperation with the United States. Increased employment of Panamanians in the Zone, more American troops, and higher United States government expenditures expanded the national income rapidly between 1941 and 1945. The Communists and the nationalistic elements were quiet and absorbed in the Allied War effort. However, immediately after the war, Panama was swept with the almost universal tide of rising expectations and nationalism. In Panama the years since 1945 have been marked by chaotic domestic development and internal politics. In this atmosphere of change the United States, in its unique role, has been integrally involved.

The fact that the relationship of the two countries is becoming less tenable was clearly evidenced in the grim riots of 1959 and 1964. The American response, voiced most vociferously by a few Congressmen and the Americans living in the Canal Zone, has increasingly been to blame the troubles on Communists--a charge hotly denied by Panamanians. Many leaders in the United States are urging the building of a new

³⁴ Latin American Report, IV (Sept, 1961), p.15.

canal--not only to meet future shipping needs, but also to move to a less hostile country. Panamanians--some moved by schemes for internationalization, others for nationalization--insist on the withdrawal of the United States. One group of Panamanian businessmen even proposed that a joint-stock company be formed to build a more modern canal--conceivably with the Russians as a major share holder.³⁵

³⁵"Panama", HAR., XV, (September, 1962), p.p. 602-603.

V. OLIGARCHY AND POLITICS

The politics of Panama are primarily the politics of the Veinte Familias (Twenty Families) who are derisively called Rabiblancos (white-tailed birds). These twenty families, augmented by about twenty others who revolve around the fringes, constitute the ruling oligarchy. They number much less than one percent of the population, yet they own or control more than 50 percent of the land, the banks, the radio and television media, and the newspapers. Despite the secure position of the group they are of relatively recent origin and extremely fluid. Some authorities attempt to divide this oligarchy into groups--those of old Spanish stock, other Europeans, and those with some Negro blood--but because of three generations of intermarriage the distinctions are blurred. The fluidity and poor delineation of this group is accounted for by its unique capacity to absorb by marriage or outright adoption any politicians or businessmen who are currently on the rise. This accounts for the fact that the newer members are usually the most powerful and richest. The wealth of this oligarchy originated and still largely remains in real estate. For the more enterprising members this wealth has been converted or expanded into the business and finance areas to the point

where today they own all the major businesses and dominate all areas of the economy.

The United States is extremely important to this oligarchy. It plays a twofold role. First, it was the United States which supplied the original wealth of these families by buying much of their then valuable real estate. Since supplying this original windfall, the United States has continued to contribute to their wealth by expenditures in their businesses and helping to attract money-spending tourists into the area. In addition this oligarchy has enriched itself by graft and legitimate means from the heavy American loans and aid projects in the country. Secondly, the United States has always been the object of derision by this group. The Yankee is a convenient scapegoat which the elite can hold up to the people as the source of all their troubles. The elite had been responsible for holding up \$30 million of the \$48 million allocated to Panama under the Alliance for Progress because they refused to institute some basic fiscal and tax reforms--prerequisite to the aid.³⁶ Yet to the common people of Panama, led by the politicians of the elite, the lack of funds is due to American parsimony. While the businessmen of the elite have quietly exploited

³⁶ "Panama: The Time Bomb Explodes," Nation, January 27, 1964, 85.

the people of the slums of Panama City and Colon, the elite's politicians have loudly been convincing these people that their low standard of living is caused by the United States. These wealthy people have hidden much of their wealth from the people. They do not flaunt it at home, but rather take expensive extended holidays abroad.

To the people, this elite promises that the cure to their poverty lies in the United States. One articulate American Congressman who has made a cuase of the Canal Zone in Panama believes that the greatest problem for the United States is that this group has even gone to the rural people and Indians of Panama, who have little knowledge of the Canal or Americans, and promised them that even they would be rich once Panama got the Canal.³⁷

The Panamanian leaders have consistently made the Canal a political issue and they usually try to distinguish their administration by getting concessions in the Canal issue rather than instituting any real reforms at home. The biggest complaints formulated against the United States by this group have centered on the commercial activities of

³⁷ U. S., Congress, House, Committee on Foreign Affairs, Hearings before Subcommittee on Inter-American Affairs, U.S. Relations with Panama, 1960, 86th Cong., 2nd Sess.; 1960 p. 19.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46

47

48

49

50

51

52

53

54

55

56

57

58

59

60

61

62

63

64

65

66

67

68

69

70

71

72

73

74

75

76

77

78

79

80

81

82

83

84

85

86

87

88

89

90

91

92

93

94

95

96

97

98

99

100

101

102

103

104

105

106

107

108

109

110

111

112

113

114

115

116

117

118

119

120

121

122

123

124

125

126

127

128

129

130

131

132

133

134

135

136

137

138

139

140

141

142

143

144

145

146

147

148

149

150

151

152

153

154

155

156

157

158

159

160

161

162

163

164

165

166

167

168

169

170

171

172

173

174

175

176

177

178

179

180

181

182

183

184

185

186

187

188

189

190

191

192

193

194

195

196

197

198

199

200

201

202

203

204

205

206

207

208

209

210

211

212

213

214

215

216

217

218

219

220

221

222

223

224

225

226

227

228

229

230

231

232

233

234

235

236

237

238

239

240

241

242

243

244

245

246

247

248

249

250

251

252

253

254

255

256

257

258

259

260

261

262

263

264

265

266

267

268

269

270

271

272

273

274

275

276

277

278

279

280

281

282

283

284

285

286

287

288

289

290

291

292

293

294

295

296

297

298

299

300

301

302

303

304

305

306

307

308

309

310

311

312

313

314

315

316

317

318

319

320

321

322

323

324

325

326

327

328

329

330

331

332

333

334

335

336

337

338

339

340

341

342

343

344

345

346

347

348

349

350

351

352

353

354

355

356

357

358

359

360

361

362

363

364

365

366

367

368

369

370

371

372

373

374

375

376

377

378

379

380

381

382

383

384

385

386

387

388

389

390

391

392

393

394

395

396

397

398

399

400

401

402

403

404

405

406

407

408

409

410

411

412

413

414

415

416

417

418

419

420

421

422

423

424

425

426

427

428

429

430

431

432

433

434

435

436

437

438

439

440

441

442

443

444

445

446

447

448

449

450

451

452

453

454

455

456

457

458

459

460

461

462

463

464

465

466

467

468

469

470

471

472

473

474

475

476

477

478

479

480

481

482

483

484

485

486

487

488

489

490

491

492

493

494

495

496

497

498

499

500

501

502

503

504

505

506

507

508

509

510

511

512

513

514

515

516

517

518

519

520

521

522

523

524

525

526

527

528

529

530

531

532

533

534

535

536

537

538

539

540

541

542

543

544

545

546

547

548

549

550

551

552

553

554

555

556

557

558

559

560

561

562

563

564

565

566

567

568

569

570

571

572

573

574

575

576

577

578

579

580

581

582

583

584

585

586

587

588

589

590

591

592

593

594

595

596

597

598

599

600

601

602

603

604

605

606

607

608

609

610

611

612

613

614

615

616

617

618

619

620

621

622

623

624

625

626

627

628

629

630

631

632

633

634

635

636

637

638

639

640

641

642

643

644

645

646

647

648

649

650

651

652

653

654

655

656

657

658

659

660

661

662

663

664

665

666

667

668

669

670

671

672

673

674

675

676

677

678

679

680

681

682

683

684

685

686

687

688

689

690

691

692

693

694

695

696

697

698

699

700

701

702

703

704

705

706

707

708

709

710

711

712

713

714

715

716

717

718

719

720

721

722

723

724

725

726

727

728

729

730

731

732

733

734

735

736

737

738

739

740

741

742

743

744

745

746

747

748

749

750

751

752

753

754

755

756

757

758

759

760

761

762

763

764

765

766

767

768

769

770

771

772

773

774

775

776

777

778

779

780

781

782

783

784

785

786

787

788

789

790

791

792

793

794

795

796

797

798

799

800

801

802

803

804

805

806

807

808

809

810

811

812

813

814

815

816

817

818

819

820

821

822

823

824

825

826

827

828

829

830

831

832

833

834

835

836

837

838

839

840

841

842

843

844

845

846

847

848

849

850

851

852

853

854

855

856

857

858

859

860

861

862

863

864

865

866

867

868

869

870

871

872

873

874

875

876

877

878

879

880

881

882

883

884

885

886

887

888

889

890

891

892

893

894

895

896

897

898

899

900

901

902

903

904

905

906

907

908

909

910

911

912

913

914

915

916

917

918

919

920

921

922

923

924

925

926

927

928

929

930

931

932

933

934

935

936

937

938

939

940

941

942

943

944

945

946

947

948

949

950

951

952

953

954

955

956

957

958

959

960

961

962

963

964

965

966

967

968

969

970

971

972

973

974

975

976

977

978

979

980

981

982

983

984

985

986

987

988

989

990

991

992

993

994

995

996

997

998

999

1000

t
2
f
a
b
b
b
ne
pr
go
Un
own
far
For
whi
to c
week
rece
Dair
1964,

the Canal Zone Company and the issue of equal pay for all Zone workers--dropping the difference between the wage scale for local workers and American workers. Changes in both areas could conceivably bring benefits to all of Panama, but primarily--especially in the beginning--to the wealthy businessmen of Panama.

The oligarchy was instrumental in getting Panamanians barred from using the commissaries in the Zone. The businessmen prospered, but the Panamanian workers went on futile protest strikes to force the dropping of this clause. The goal of this commercially -oriented group is to replace all United States commercial activities in the Zone with their own or at least become the sole suppliers to the area. Thus far they have won only the right to bar any third country.³⁸ For example, under a provision of the Remón Treaty of 1956, which only recently was implemented, the United States agreed to close down its own dairy and buy 10,000 quarts of milk weekly from Panamanian suppliers. This will profit immensely recent ex-president Roberto Chiari who with his Blue Star Dairy has a virtual monopoly on all milk sold in Panama.³⁹

³⁸ Panama..., Nation, p. 84.

³⁹ "Panama: Rule of the Whitetails," Time, February 14, 1964, p. 32.

As mentioned, the wage rate paid to Panamanians in the Zone is also an issue. Admittedly to drop the difference in the scale would benefit Panamanian workers, but also, it would greatly increase the dollar flow into the oligarchy's hands. The Panamanians are working for \$1.00 per hour minimum wage in the Canal Zone, yet they have only a \$.40 minimum wage law in Panama and that applies only to workers in Panama City. Roberto Chiari pays his workers the minimum where the law requires it. To his rural workers he pays less than \$2.00 per day.⁴⁰

It must not be assumed, however, that this oligarchy is close-knit or always concerted. The opposite is true. The common bond is wealth and the desire to preserve or enhance their position. Politics are important to this group. They offer prestige and wealth. A four-year term as President can conceivably make a man extremely wealthy. Competition for such prizes produces inter-group rivalry which often ignores even family ties. The two oldest families in the oligarchy are the two unrelated Arias families. The patriarch of one and presently the least politically active is Ricardo Arias. The more important politically is that of Harmodio and

⁴⁰ "Who Really Owns Panama: A Source of U.S. Troubles," U. S. News and World Report, April 6, 1964, p. 64.

Arnulfo Arias. Harmodio, who worked his way up from a rural laborer, has two politically active sons--Gilberto and Roberto. Arnulfo has no sons, but is still politically active himself. In the 1960 election which was won by Roberto Chiari, the brothers Gilberto and Roberto Arias ran against each other. In 1964 Harmodio Arias refused to support his brother Arnulfo.

This rivalry can also have violent expressions--including riots, assassinations, and coups. The Canal Zone riots of November, 1959, constituted such a case. Aquilino Boyd, a minor and disgruntled member of the elite, organized a "peaceful" march on the Zone. His plan was to embarrass the government by forcing the Panamanian President to use the National Guard to protect Americans. The President refused to use the Guard and the march broke into violent riots completely out of Boyd's control.⁴¹

The Panamanian political structure, as in most of Latin America, is extremely informal and personalistic. It lacks the presence of an army party as such and an active labor party or labor front. The United States has great influence in the politics, not only as an important campaign issue, but also as a source of emulation for some political activities.

⁴¹U.S., Congress, House, Hearings...Relations with Panama, 35.

As previously reviewed the politics of Panama are inseparable from force and business. The political process can be chaotic. A good illustration is the case of Arnulfo Arias who was elected president in 1940, thrown out by a coup in 1941, elected again in 1948 but declared ineligible by a ruling on illegal votes, and then placed in power by the National Guard in 1949.⁴² He was deposed again in 1951; yet he was a strong contender in the last election.

Roberto Arias was shot by one of his supporters who became disgruntled when Roberto appointed a third man as his alternate to the National Assembly after the 1956 elections.⁴³

Panamanian politics are primarily for the rich. The nineteen parties involved in the 1964 election spent an estimated \$10 million dollars in their campaigns. Because the country is poor, contributions are meager, and only the rich could support such campaigns.⁴⁴ The most sincere reformers and liberals of Panama are located in or affiliated with the student bodies--primarily that of the University of

⁴²"Panama: Presidential Problems," Newsweek, May 15, 1950, p.47.

⁴³"Panama," H.A.R., XVII (August, 1964), 510.

⁴⁴"Panama: Before the Storms," Newsweek, May 18, 1964, p.54.

Panama. In 1944, students organized the Frente Patriotico de la Juventud and forced important concessions from President Guardia. Since that time the students have become the most active political element and a source of growing concern to the oligarchy and the United States--both of whom fear the nationalism and leftism of this group.⁴⁵ The National Guard has also become an important political element, especially since the period of José Remón. Remón consolidated and enhanced his position as police chief with shrewd and forceful business ventures. At the peak of his political power he owned the Cooperativa Nacional--a cattle slaughtering monopoly--controlled the bus lines, and had interests in gasoline stations and a hotel.⁴⁶ Remón was not of the oligarchy but by the time of his election as President in 1952 he had joined the very rich and was absorbed into the elite.

Major political parties do not exist. Some observers call the whole process a family affair. Party labels are generally meaningless since they do not represent party programmes. Parties multiply rapidly as disgruntled leaders break off and form their own parties. For the 1960 election

⁴⁵ Biesanz and Smith, Journal of Politics, 401.

⁴⁶ "Panama: Three Presidents," Newsweek, December 5, 1949, p. 38.

there were 18 registered parties, some of which had been formed into two coalitions by Ricardo Arias and Roberto Chiari--both past presidents. The 1964 elections involved 19 parties who formed eventually behind seven presidential candidates--none of whom represented any significant campaign issue. In the same election 2,014 candidates ran for the 42 seats of the National Assembly.⁴⁷

Panamanian politics have never been noted for honesty. From 1908 to 1923 the United States supervised elections. In the early thirties--convinced that the United States would not intervene--the first coup was carried out by the Arias brothers. Since that time manipulation, coups, and chaos have been common. The government party has legal machinery, the National Election Boards, which can exclude votes easily or even void elections and send them to the National Assembly.

The rank and file voters are usually manipulated by the caciques or ward bosses who are extremely effective in delivering votes. Illegal voting is also very common. The authorities have tried numerous methods--including indelible ink markings, numerous poll watchers, and cedulas (vote cards)--

⁴⁷ "Panama: Before the Storm," Newsweek, May 18, 1964, p.54.

but there are still regular complaints about fraudulent elections. The oligarchy has also been extremely effective in maintaining a hold on many of the voters. This is especially true of the rural residents who have benefited by special aid programs financed by the United States, but administered by the members of the elite. The Panamanian government has consistently refused to let the Americans carry out direct aid programs to these people. To have the aid by-pass their own hands would cost them money as well as their political pressure. The oligarchy has also been able to disenfranchise the Panamanians who live in the Canal Zone. These people, because they enjoy the privileges of Zone life, have often had little sympathy for the anti-American politicians.⁴⁸

Nationalism is extremely important in politics. For many outside observers the depth of sincere Panamanian feeling has been overlooked because the ideal has been so abused by politicians. Many families have furthered their political careers by being anti-American. The Boyd family, the Arias families, Remón, and Chiari are all guilty of this. All the newspapers, owned by such families, are nationalistic and anti-American. Some of these politicians have taken every

⁴⁸Biesanz, People of Panama, p. 137.

opportunity to appear the most nationalistic. At the 10th Inter-American Conference in 1954 the Foreign Minister of Panama insisted on a complete airing of the United States-Panama situation, and Sra. Cecilia de Remón, wife of the President, got an anti-discrimination clause added to a United States backed anti-communist resolution.⁴⁹ Some, such as Roberto Chiari, have more personal reasons for being anti-American. In the early years of the depression of the thirties Chiari's family was in economic trouble and Roberto Chiari was humiliated by having to work as a silver-employee in the Canal Zone.⁵⁰

Arnulfo Arias was the first to instigate a program of radical nationalism. In 1941, he developed his concept of Hispanidad with strong Fascist overtones. Arias knew personally both Hitler and Mussolini. This Hispanidad was based on culture as a criterion and included discrimination against all foreigners--especially the Chinese, the West Indians, and the Americans. Since 1960, Arias has become much less of a radical nationalist and the main source of this feeling has passed to the students. The leading student agitation

⁴⁹ "Panama," HAR, VII (April, 1954), 16.

⁵⁰ Trevor Armbrister, "Panama: Why They Hate Us," The Saturday Evening Post, March 7, 1964, p. 76.

group

Though

Jorge

These

tation

Unidos

It was

wanted

his vi

When E

Arella

This s

since

Americ

tremis

A

are re

points

earn o

to the

below

51

52

53

group is the Federación de Estudiantes de Panama (F E P).

Though a student organization, it is led by adults such as Jorge Ugarte, Dr. Boyd, and Dr. Ernesto Castellero Pimentel.

These men have all been prominent in the anti-American agitation, and Pimentel is the author of Panamá y los Estados Unidos--an extremely rabid attack on the United States.⁵¹

It was the students of the Panama National University who wanted Milton Eisenhower to come to the University during his visit to Panama in 1958 to debate with the students.

When Eisenhower refused, the student federation leader, Carlos Arellano Lennox, ordered the American Embassy picketed.⁵²

This student movement has continually become more leftist and since 1959, more identified, at least in the judgment of American and Panamanian officials, with the Fidelista extremists.

As stated above, the nationalism is real, the issues are real and the solutions difficult. The United States points out that they pay Panamanians more than they could earn outside the Zone. Panamanians want to sell more rice to the Zone residents but their rice has been classified as below minimum United States standards.⁵³ Sweeping benefits

⁵¹Busey, New Leader, p. 16.

⁵²"Panama," HAR, XI (August, 1958), 374.

⁵³"Panama," HAR, XII (September, 1959), 374.

()

A

A

A

A

A

A

A

A

A

A

A

A

A

A

A

A

A

A

or aid are not the answer. In 1960, Eisenhower announced a nine-point program which included wage increases, housing projects, more training for Panamanians, and higher disability compensation. The Panamanian reaction was only lukewarm and the radicals rejected it for skirting their real issue--sovereignty over the Zone.

VI. COURSE OF POLITICS, 1945-1965

The post World War II political history of Panama has been marked by tremendous change. These 21 years have included three peaceful changes of administration and two Presidents who served full terms. But also in these 21 years 8 men have been President, some only briefly. The instability of these years began just before the war.

The radical nationalist, possibly Fascist, Arnulfo Arias was elected President in 1940. He had recently returned from travels in Europe. As president he was high-handed. With the help of Antonio Isaza, a pro-Nazi journalist, he got his nationalistic, totalitarian constitution passed by a plebiscite. He then proceeded to extinguish his opposition. This effort included censoring his own brother's newspaper--The Panama-American.⁵⁴ In 1941, he traveled briefly to Cuba and while out of the country he was replaced by a coup led by his own cabinet. It was not until 1948 that there were again relatively free elections in the country. In the interval the country

⁵⁴ Hubert Herring, Good Neighbors Argentina, Brazil, Chile, and Seventeen Other Countries (New Haven: Yale University Press, 1941), p. 304.

was led by a series of high ranking politicians. This atmosphere of rule by the oligarchy, anti-Fascism, and wartime Canal defense needs was the perfect atmosphere for José Antonio Remón to enhance his personal power as the National Guard became more important.

When the war ended, Ricardo Adolfo de la Guardia, appointed after the ouster of Arnulfo Arias, was President. His administration had been weakened by a struggle within the coalition which had appointed him. In January, 1945, under the pressure of a "junta of notables," he had been forced to build a new coalition cabinet which represented seven political parties.⁵⁵ The Ricardo Adolfo administration was brought to a close in May, 1946, with the adoption of a new constitution.

Enrique Jiménez was elected President to serve until 1948 when new elections would be held in accordance with the original election schedule prior to the Arias troubles of 1941. In an interview shortly after his election Jiménez pledged to work for peaceful relations with the United States, but he outlined four points which had to be resolved: the relationship between the Zone administration and Panamanian workers, racial discrimination in the Zone, inadequate benefits,

⁵⁵New York Times, January 1, 1945, p. 1.

and th

Troubl

period

Panama

States

celebr

Panama

one ho

burned

days in

Th

of defe

manian

signed

evacuat

defense

the Car

cept Ri

to main

politic

opinion

and the discriminatory commercial practices of the Zone.⁵⁶

Trouble with the United States was increasing. The post war period had forced cutbacks in employment in the Zone, and Panama's economy was sagging. On November 3, 1946, the United States did not participate in the Panamanian Independence Day celebrations because of possible Panamanian hostility. The Panamanian government apologized to the United States for one hostile act committed on November 3. A Panamanian had burned an American flag and had been sentenced to fifteen days in jail.⁵⁷

The most serious problem was the question of the leasing of defense bases to the United States. The official Panamanian interpretation of the original defense bases agreement signed during the war was that the Americans should have evacuated all the additional bases, acquired for wartime defense, by September 1, 1946. These bases were all outside the Canal Zone proper. All of them were radar stations except Río Hato which was an airfield. The United States wanted to maintain their lease on these bases. Panamanian businessmen-politicians were in favor of this, but in response to popular opinion they were carrying on difficult bargaining. The main

⁵⁶ New York Times, September 1, 1946, p. 20.

⁵⁷ New York Times, November 8, 1946, p. 9.

point of contention was the length of the new leases. The Panamanians wanted to make them for five years, but the Americans refused so short a guarantee.

On December 10, 1947, the situation appeared to be resolved. Despite the resignation in protest of his Foreign Minister, Dr. Ricardo J. Alfaro, President Jiménez had his new Foreign Minister (Francisco A. Filas, former Minister of Government and Justice) sign an agreement with American Ambassador Hines. The Panamanians agreed to a ten-year lease on Río Hato and five years on the rest. The Americans agreed to pay \$28,015 in annual rent and \$137,500 annually for upkeep of Panamanian roads. It was a lucrative agreement for the businessmen and politicians.⁵⁸

But the pact still had to pass the National Assembly, and in this encounter the radicals and the student bodies were to get an important taste of power. There were many elements active in the public outcry against the defense bases agreement. Arnulfo Arias worked with any group to defeat the agreement. Especially important were Hugo Victor and Caesar A. de Leon--teachers at the National Institute

⁵⁸Jules Dubois, Danger Over Panama (Indianapolis: Bobbs-Merrill Company, Inc., 1964), p. 174.

and active Communists. On December 12, these men aided by Celso Nicolas Solono, secretary-general of the communist-led Partido del Pueblo, led a student demonstration against the treaty. The police, led by José Remón, used force against the students, wounding one and thus providing a martyr.⁵⁹ The public hearings held by the National Assembly became a forum for all nationalistic politicians. The culmination was on December 22, when the Assembly, partly intimidated and partly inspired by a crowd of thousands outside the chamber listening by loudspeakers, voted down the defense bases agreement.

This defeat was a portent of the future. The oligarchy had been defeated and the students had achieved success. The elections of May, 1948, were soon to become the focal point of all the political elements. Pressures became so great that finally on July 4, President Jiménez was forced to impose a state of ~~si~~ge on the nation while officials tried to determine the results of the election. President Jiménez was rapidly losing all control of the situation. In response to mounting charges of malfeasance, the National Assembly requested President Jiménez to remain in Panama after his term while the records of his office were examined.

⁵⁹ Ibid., pp. 178-79.

He ignored the request.⁶⁰

As Jiménez faltered, Police Chief Remón came to the forefront. On July 12, Jiménez went to the National Assembly to ask for an extension of the state of ~~siege~~. Instead they voted 26 to 25 to oust him and have Henrique de Obarrio installed as President for the next four-year term. Obarrio took the oath, but before he could act, Remón--using the threat of a National Guard revolt--put pressure on the Supreme Court and the National Assembly and had the vote declared unconstitutional. Jiménez was restored. It was possibly a return of favors since Jiménez had made Remón police chief in 1947.⁶¹

The early and unofficial returns had shown Arnulfo Arias to be in the lead over the closest contender Domingo Diaz Arosemena. The final count showed Arias to be the victor with a 2,500 vote lead, but then the National Electoral Board heard evidence and disqualified 2,714 votes in Veraguas Province. All the votes were for Arias and thus Arosemena was declared president.⁶² Arias himself left the country and Arosemena was

⁶⁰"Panama," HAR., I (November, 1948), 6.

⁶¹New York Times, February 15, 1947, p.2.

⁶²J. M. Minifie, "Another Satellite For Franco," The Reporter, December 20, 1949, p. 30.

sworn in peacefully in October, 1948. However, his administration was not to be peaceful. On October 25, Police Chief Remón announced the exposure of a revolutionary plot and briefly detained Harmodio Arias and J. J. Vallerino (a former ambassador to Washington.)

A more serious threat appeared in November when Arnulfo Arias returned to Panama and was met with an impromptu celebration. Arosemena was angered and in a public address he told the people revolution was only justified when it had the support of all the people.⁶³ Things remained peaceful until April of the next year. On April 13, the National Assembly ratified a civil-aviation agreement with the United States which, to the radical elements, was a concession to the Americans. The nation was once again wrought up in protest, and Arosemena was forced to declare a state of seige when a new revolutionary plot was exposed. This new plot involved Wilson Brown, former U. S. Air Force Major, who allegedly confessed to helping organize the revolt. The revolt was to begin in Chiriqui Province so the National Guard would be drawn out of the capitol. Arrested again as a suspect was Harmodio Arias who was finally released on June 20, but

⁶³ "Panama," HAR, I (December, 1948), 10.

not until his brother Arnulfo was arrested on June 5.

On July 28, because of failing health and increased political demands, the 74-year old Arosemena took a six months' leave of absence turning over the government to first Vice-President Daniel F. Chanis, Jr. On August 23, Arosemena died and Chanis became President. This switch in leadership was the beginning of a chaotic period of power politics. Chanis already had trouble on August 25 when his entire cabinet resigned, as much in protest as by custom. Furthermore, Chanis increased the number of his own foes by granting an amnesty to all people arrested in connection with the April plot.⁶⁴

Chanis was faced with serious economic problems. Unemployment was rising. As soon as he thought he was firmly in control he began to outline his reform program. Included in his reform was the determination to carry out a Supreme Court ruling which ordered the breaking up of a cattle slaughtering and bus line monopoly, both of which were controlled by Remón. On November 19, Chanis called in Remón and asked him and two of his top aides to resign from their positions in the National Guard. Remón asked Chanis to grant him time to talk to his junior officers, and Chanis

⁶⁴ "Panama," HAR., II (September, 1949), 12.

foolishly consented. Remón then acted swiftly. The Presidential Palace was quickly surrounded by the police and by 4:30 A.M., Chanis himself was forced to resign. By 7:00 A.M. on November 20, Second Vice President Roberto F. Chiari, Remón's cousin, was sworn in as President.⁶⁵ The switch was forced through the docile Supreme Court when Remón was able to convince them that since it was Sunday and the National Assembly was not in session, the Court had the right to inaugurate a new president.⁶⁶

Chanis, two days later, made a feeble attempt to recover his position. On November 22, he appeared before the National Assembly and testified that his resignation was illegal since it was made under duress. President Chiari agreed to submit the whole question to the Supreme Court. On November 24, the Court agreed with Chanis and ordered his position restored.

Finally, Remón in a show of force, again threatened a police revolt and settled the whole question. He forced the National Electoral Board to convene and after a short deliberation the Board announced that their 1948 decision

⁶⁵ "Panama: Three Presidents," Newsweek, December 5, 1949, p. 38.

⁶⁶ Minifie, The Reporter, p. 31.

on the allegedly fraudulent votes of Veraguas province was an error. They proclaimed Arnulfo Arias as the legal President by 2,544 votes.⁶⁷ Thus Remón, hoping to add some legality to his force, had installed one of his oldest, most bitter opponents.

Arias' administration, too, was to be a short one. The omens were never encouraging. In December, 1949, the government had only \$60,000 to meet a current payroll of \$500,000.⁶⁸ Despite such problems Arias was able to remain popular until about March of 1950. At that time one of his cabinet members, Alfredo Alemán, prepared a statement charging that Arias' assumption of power was illegal. Once the opposition began it increased rapidly and Arias began to strike back blindly. In May he outlawed all Communist activities in the nation. When José Daniel Crespo, editor of the Radar newspaper, ran some anti-Arias cartoons he was sentenced to 20 days in jail by the mayor of Panama. He was released, however, when Arias' Minister of Government told police to ignore the order since there was no law covering the situation. His most ardent supporters, teachers and students, began to leave the camp

⁶⁷ Ibid., 30.

⁶⁸ "Panama," HAR., III (January, 1950), 14.

of the Arnulfistas in August. Their complaints were that Arias was forcing monetary political contributions and ignoring the constitution in cases with political implications.⁶⁹

Arias hung on until May of the next year. Early in that month the economy had completely deteriorated and a run had begun on the banks. Arias blamed all the troubles on Communists and personal opponents. Along with wholesale arrests, Arias declared on May 7, a return to his 1941 constitution.

It was strictly a last effort. The next day the Supreme Court ruled the Constitutional shift illegal. An estimated 10,000 people marched to Remón's home demanding that he take action. A general strike started that night and went through the next day.⁷⁰ Remón made his decision and decided to drop Arias. On the evening of May 10, the National Assembly met in special session and swore in Chief of the Supreme Court Alcibiades Arosemena as president. Remón had the police surround the palace. After a four-hour fight Arias was forced to surrender. Eleven people were killed in the process including two policemen. Arias was arrested and brought to trial before the National Assembly on May 25. Arias sat

⁶⁹ Ibid., III (September, 1950), 15.

⁷⁰ "Panama: Ousting Arias," Newsweek, May 21, 1951, p.46.

re

su

ha

ri

ch

th

ac

ca

de

Jur

Rem

was

in

boa

of A

caus

posi

reading a book during the trial which found him guilty of subverting the constitution. His punishment was to have him officially removed from office and deprived of political rights.⁷¹ He was not ever tried for the second possible charge of murder in the death of the two policemen.

Since Arias was arrested in May of 1951, it was evident that the Arosemena administration was to be a caretaker. In accord with Panamanian tradition it was time to start the campaign for the election of May, 1952. Remón had by then decided to enter politics openly and run for president. By June, the campaign was already becoming extremely bitter. Remón was not a popular candidate and among his worst enemies was Harmodio Arias who had control of much of the press. Early in June, La Nación newspaper which listed Jose Remón as its board chairman ran an editorial which called for the death of Arnulfo and Harmodio Arias as enemies of the state. Because of adverse public reaction Remón was soon to resign his position on the paper, but it continued to be a pro-Remón forum.⁷²

The opposition to Remón was active, but never a serious

⁷¹"Panama: The Mighty Fallen," Newsweek, June 4, 1951, p. 37.

⁷²"La Vida Actual," Newsweek, June 11, 1951, p. 91.

threat. Most prominent of his opponents was Roberto F. Chiari, Remón's cousin, who was supported by a four-party coalition called the Partido Alianza Civilista (PAC). The coalition parties were the Partido Nacional Liberal, Frente Patriótica, Revolucion Independiente, and the Partido Socialista.⁷³ Also entered in the race was the Panama City lawyer Moreno Correa who was never a real contender, and Rodolfo Herberger who was a front for Arnulfo Arias and had his support in the Partido Panamenista. Herberger, since he had been Minister of the Treasury under Arias, was running from outside the country until February, 1952, when an amnesty was granted allowing Arias and all his supporters to be released from jail or allowed to return to Panama.

Remón's support rested in the Coalición Patriótica Nacional (CPN). This coalition contained five parties: Partido Revolucionario, Partido Liberal, Partido Renavador, Union Popular, and Partido Nacional Revolucionario.⁷⁴ The CPN was the government coalition supporting Arosemena.

It was a spirited campaign marked by many demonstrations

⁷³ John D. Martz, Central America: The Crisis and the Challenge (Chapel Hill: The University of North Carolina Press, 1959), p. 271.

⁷⁴ Ibid., 268.

which led to charges that the police were acting more as partisans than keepers of the peace. Remón was billed as "Ike Chichi" Remón after Eisenhower who was very popular in Panama and for some represented a parallel with Remón, from military leader to Presidential contender.⁷⁵ Remón's best campaigner was his wife Cecilia who traveled the backlands with a medical team dispensing vaccines, gifts, and propaganda.

From February until the election, the Arias supporters campaigned to have both Remón and Chiari withdraw so a truly "national" candidate could emerge. On May 5, Arias called for a boycott of the elections and called the whole process a fraud. However, the election went on as scheduled on May 11. No one was surprised when Remón was later announced the winner.

In his inaugural address Remón pledged his administration to reform and real improvements in the nation. He said that the word mañana would be erased from the official language.⁷⁶ Remón had serious problems to settle first. The country's debt was officially recorded as \$40,907,211.00. Panama had been denied a loan from the United Fruit Company and the Chase National Bank.⁷⁷ Remón did work actively to improve

⁷⁵ "Panama: It's Up to Remon," Newsweek, October 13, 1952, p.52.

⁷⁶ "Panama: Today, Not Tomorrow," Time, October 13, 1952, p.45.

⁷⁷ Martz, Central America....., 277.

conditions in the country. He worked against the Communists, and in 1953 officially outlawed the party and their activities. His Chief of Police, Jorge Luis Alfaro, claimed the exposure of a Panama-based plot for Communist subversion throughout Latin America.

Remón also worked to clean up corruption and increase economic activity. He instituted a series of public works to combat unemployment. More important was the institution of new tax laws and better collection policies which brought in more revenue than ever before. Remón also set up the Instituto de Fomento Económico (IFE) for economic development. After one year of operation, Remón reported that it had been able to speed up economic activity in the cities of David and Puerto Armuelles by increasing the number of commercial flights between these cities and the capital.⁷⁸ Remón also tried to stabilize politics by passing a law which required a political party to have 40,000 registered voters to achieve legal status. To maintain this status they had to get 40 percent of the vote in an election.⁷⁹

Probably the most popular action Remón took was to open negotiations with the United States for treaty revisions.

⁷⁸"Panama," HAR., VII (November, 1954), 17.

⁷⁹Biesanz, People of Panama, 157.

2
c
r
c
c
w
t
o
e
f
c
o
P
be
th

His motivations were not entirely political, for he firmly was in control. Probably very few observers realized this at the time. Remón had made some gestures which helped to improve his position with the United States. This is especially true of his reform program and anti-communist drive.

The Panamanians first presented their demands to Secretary of State John Foster Dulles in Washington on September 9, 1953. Representing Panama was the First Vice President and Foreign Minister José Ramon Guizado. The original American position was that they would discuss no revisions, only interpretations. However, Remón himself discussed the situation with President Eisenhower the next day and won assurances from him that the State Department would begin a full study of the treaty situation.

Remón's visit to the United States had been planned to make the fullest impression on Washington officials. On the day of his departure one of the biggest demonstrations ever held in Panama was staged as a send-off. Remón, six former presidents, and the Archbishop of Panama were included in the official party. Special emissary to Washington, Octavio Fabrega, outlined the main points included in the Panamanian case. He emphasized that the 1903 treaty had not been signed by a Panamanian, that the country had given away the treasure of its geographic position, and that more compensation

was justified. The same program was staged in Colon on the same day. Then Remón and his advisors left for Washington.

After his return, Remón called in former presidents Ricardo J. Alfaro and Harmodio Arias--once political enemies--and the three men drew up 21 formal demands for the American State Department to study.

Panama's role at the Tenth Inter-American Conference in Caracas was designed to put additional pressure on the United States. It was here, as mentioned above, that Panama got an official discussion on United States-Panamanian relations and an anti-discrimination clause. As early as February, 1954, the United States had considered the proposals and rejected six as dealing with sovereignty and out of consideration. The department had also made eleven major concessions to Panama including an annuity increase, income tax changes, and the cessation of the American monopoly on the trans-Isthmian railroad.⁸⁰

That Panama was not satisfied by the progress was evidenced by their actions at the Caracas conference and the fact that in September the negotiations broke down completely when Remón refused to accept the first article of the United States position. That article was that Panama would consider

⁸⁰Dubois, Danger Over Panama, 195.

these revisions as definitive and ask no more in the future.

Unfortunately, Remón was never to realize the fruits of his work. On January 2, 1955, Remón was killed by machine gun fire as he sat in his special box watching the races at the government-operated Juan Franco racetrack. The ramifications of Remón's assassination were to dominate the Panamanian political scene until the 1956 elections. The assassination created a power vacuum. Remón had controlled politics from at least as early as 1951, and the big question was whether Colonel Vallarino, Remón's latest chief of the National Guard would be able to copy Remón's role.

There were plenty of suspects for Remón's assassin. Within a few hours it was clear that the assassination was not part of a general revolt, nor did it appear as the work of amateurs. It seemed certain that involved somewhere were members of the elite--involved directly or by complicity.

On January 3, First Vice President José Ramon Guizado was sworn in as President. He immediately declared a state of seige and pledged himself to the speedy settlement of the murder. The foremost suspect was Arnulfo Arias--Remón's political rival. On that same day, Arias was arrested at his coffee plantation in Chiriqui province 300 miles away. Even though Arias had an alibi for the previous evening, he was held as the alleged mastermind of the assassination.

Within the next few hours, 60 people were arrested. This wave of arrests culminated on January 6, when Ruben Miró was arrested. Miró had once held an important post under Remón, but had quit when he decided he was not being fairly treated by Remón. Recently, he had been carrying his disappointment even further by carrying on a vociferous campaign against foreign-owned business operations in Panama--especially the Pan-American World Airways. The campaign was obviously embarrassing to Remón.

By January 11, nine days after the assassination, many people had been arrested, but little seemed to have been accomplished. President Guizado had requested the aid of the American F.B.I. but had been refused. He was able to get the help of the two New York City detectives.

The next day, however, the situation changed rapidly. The National Guard arrested José Edgardo Tejada, a former cadet at the Guatemalan Polytechnic Institute. Tejada confessed to having smuggled into the country a submachine gun which he said he had sold to Ruben Miró. Miró finally confessed to having committed the crime.

Things appeared settled until the night of January 12, when Miró claimed that he had assassinated Remón because the then First Vice President Guizado had promised him an important post when he replaced Remón. The post promised Miró was Minister

of the Interior and Justice. Miró also implicated Guizado's son and two of the President's business partners.⁸¹

When the National Assembly was advised of the new confessions they acted swiftly. Guizado was impeached for malfeasance, convicted, and ordered arrested. Second Vice President Ricardo Arias Espinosa was sworn in as President the same day, January 14.

Few people were really satisfied with the new confession. Many doubted if the truth had yet been exposed. Speculation was centering around the Chief of the Guard, Bolivar Vallarino and his aide, Saturnio Flores. Rumors multiplied rapidly. Many believed the rumor that even the National Guard knew of the assassination beforehand, but had failed to act. Supposedly, the Guard had learned of the plot through a priest who was the confessor of Ruben Miró's brother, Carlos.

Both the New York detectives and the Cuban criminologist, Israel Castellanos, who had also been called in, complained that they had never been allowed to do any real investigating. At a Havana press conference, Castellanos claimed the Guard was covering up and also implicated an American, Irving Martin Lipstein, as a key figure. Castellanos said the Guard had released Lipstein without fully investigating his role. One

⁸¹="Panama," HAR, VIII (February, 1955), 19.

story reported in Vision magazine was that the motive for the assassination was that Remón had discovered an inter-national narcotics ring in Panama which involved many top government officials.

Early in February a special investigation committee of the Assembly concluded that Guizado was a collaborator in Remón's murder. On the 16th the Assembly voted 48 to 1 to try Guizado themselves and to turn Miro' over to the regular courts. The trial of Guizado was set for March 21st. In the interim, Guizado's son testified that the original plans were for a coup, not a murder. Miro' denied this and claimed he had been hired specifically to murder Remón, and that the details of the plot had been worked out with Rodolfo Saint Malo, Guizado's business partner.⁸² The trial was held as scheduled and after a few days Guizado was sentenced to six years' imprisonment for his complicity.

Miro' was not to be tried for another two years. In August, 1955, Guizado's lawyer tried an appeal based on the fact that Guizado had been convicted on the basis of a confession from a man who had not yet been tried. The Supreme Court rejected the appeal and Guizado continued to serve his term.

⁸²Ibid., (March, 1955), 65-66.

After the Guizado trial the attention of Panamanians began to shift toward the upcoming political campaign for the 1956 elections and the new treaty revisions with the United States.

The treaty was ratified quickly by the National Assembly and went into effect on August 23, 1955. The new revisions were a benefit to businessmen and added money to the Panamanian treasury, but it hurt Panamanian workers in the Canal Zone. Besides the dispute over the closing of the United States commissaries to all but American citizens in the Zone, the Panamanians working in the Zone had understood, as did the Panamanian officials, that there would be only one pay scale in the Zone, and that all Panamanians would get pay raises. The United States State Department agreed with the Panamanians that there would only be one wage scale, but they denied that this included a raise for the 15,000 Panamanian workers.⁸³

José de la Rosa Castillo, president of the union representing the Panamanian canal workers, requested an extension on the closing of the commissaries. He claimed that for these men to buy their goods in Panama would mean a 30 percent increase in cost of living with no pay increase.⁸⁴

⁸³ Ibid., IX (October, 1956), 426.

⁸⁴ "Panama Canal Troubles," The Economist, September 1, 1956, p.724.

The tension between the United States and Panama was increased because the United States offended the Panamanians during the Suez Canal crisis. The Americans failed to suggest that Panama be included in the Suez conference because the United States claimed that she owned the Canal and most of the Panamanian flag-flying shipping fleet. Later this tension was eased when Egypt requested Panama to serve on a special negotiation body in September, 1956.

The next election was set for May 13, 1956. Running for the government coalition, the CPN, was Ernesto de la Guardia, Jr. His principal opponent was Victor F. Goytia running for the National Liberal Coalition. The major issue was the 1955 treaty revision with the United States. The CPN had to support them and at the same time to take an anti-United States position.⁸⁵ The elctions were held as scheduled and despite brief riots staged by Goytia's supporters, the results were settled in ten days and Guardia was the president-elect. The CPN also captured 42 of the 53 seats in the National Assembly.⁸⁶

Ernesto de la Guardia could not begin his administration in October with an optimistic view of the future. He faced

⁸⁵ "Panama," HAR., IX (February, 1956), 66.

⁸⁶ Ibid., May, 1956, p. 284.

se

pr

ou

or

a

se

v

F

y

I

t

pl

Pr

wa

oc

it

my

e

no

ov

el

ol

serious political problems. He had an ambitious domestic program which could have been of great value to the nation, but his continuing political problems never gave Panama the opportunity to benefit from it.

Guardia was faced, first of all, by his own weakness as a politician; he was not able to control the National Assembly which was dominated by CPN coalition members. Individual parties in the coalition continually threatened revolt. Furthermore, few people believed that the Remón murder had yet been fully exposed and many demanded more investigations. In such a situation the National Guard and its leaders continued to expand their influence. A measure of the political problems was the fact that Temistocles Díaz, the First Vice President, did not attend the inaugural ceremonies. Nor was Guardia's defeated opposition silent. His former opponent, Victor Goyita, pledged his active opposition through strikes and non-violent methods.

In November and December Guardia outlined his plans for improving domestic problems. Economy was his foremost concern; he especially emphasized the fact that the national debt had increased 27 million dollars since 1945. He implemented a government economy program which hurt him as well as his own relatives and the leading families. The job of delinquent tax collector had always paid a 20 percent commission on all taxes

collected. This post was abolished and turned over to civil service employees. The man most hurt was Carlos de la Guardia, the President's brother, who had made as much as \$14,000 per month in the post. Formerly, the President's brother-in-law had been able to pocket as much as \$1000. in consular fees in the port of New York. This practice was ended. The President even cut his own expense account from \$750. to \$600. a month. On a less personal basis Guardia closed Panamanian embassies in Austria, Belgium, Denmark, and Switzerland.⁸⁷ He also denied teachers a salary raise because it could not be included in a balanced budget.⁸⁸

Included also were basic reforms in public health to be directed by Remón's widow, Cecilia Pinel de Remón. Ruben D. Carles, Minister of Works and Treasury, was working on new legislation concerning Panamanian ship registry. It was hoped that the plan would alleviate unemployment by forcing registered ships to use at least some Panamanians. In return, Panama was to liberalize other regulations on registry.⁸⁹

In January, 1957, Guardia seemed to have full control and to be successful in his domestic program. The government

⁸⁷ Ibid., December, 1956, p. 527.

⁸⁸ Ibid., January, 1957, p. 577.

⁸⁹ Ibid., December, 1956, p. 527.

economy program was working and the administration was encouraging business, especially in public utilities. He had been able to get offers for \$100 million in loans from American bankers. The National Assembly had not yet refused to pass any of his major bills. But, unfortunately, from January on, Guardia's political troubles increased and his success dwindled--a situation which was to culminate in the 1959 Canal Zone riots, an attempted revolution, and the defeat of his party coalition in 1960.

In January, Temistocles Díaz called for an investigation of a rumor that the next in line for President was not he, but the 2nd Vice President Heraclio Barletta. He also charged that Remón's murderer was still loose, that the last elections were fraudulent, that his party had been left out of the office distribution in the CPN.⁹⁰ At the same time, a statue of former President Remón, inscribed with his motto "Ni Milliones, Ni limosnes, queremos justicia" (Not millions, not charity, but justice) was put on public display. This helped to recharge public demands for more investigation.

By the next month, Guardia's deepening problems were, in part, indicated by the interjection of new demands on the United

⁹⁰Ibid., (February, 1957), 15.

U
w
o
he
al

pro
was
usu

States and the increased discussion of this problem. The major focus of debate was the 1955 treaty revision--parts of which were still to be implemented by the United States Congress.

Guardia was having great success with his economy program. Tax collections were exceeding expectations. Novel techniques were being used. No person could get a car license until he had proof of tax payments, and names of delinquent tax persons were publicly listed in the newspapers. Eleven new schools were being financed with a new bond issue. Also, a real step was taken for relieving unemployment with a joint action of the government and the Federation of Maritime Workers Union. The government ordered that all ships flying the Panamanian flag were to employ at least 10 percent Panamanians, and the Union opened a new school to train sailors.⁹¹ Official's cars were ordered not to be used except on public business and the offenders were ordered seized by the National Guard. The public health program had undertaken the ambitious goal of eradicating all malaria in four years.

But in April the administration was still facing serious problems. The increasing anti-United States stand by Guardia was directly proportional to his political instability. As usual, the feud in politics was characterized by a singular

⁹¹Ibid., (March, 1957), 69.

lack of any real issue between the feuding parties. Guardia began to demand a 50-50 split in Canal tolls instead of the 12.5 percent he said Panama was getting. He also raised the most difficult question, that of sovereignty.

Díaz also increased his opposition movement. In his newspaper La Nación he blamed all the trouble on Guardia's failure to cooperate. He also repeated charges that Remón's murderers were still uncaptured and that the last elections were fraudulent. This period was climaxed by the withdrawals of Díaz, four cabinet members, former president Arosemena, and six National Assembly members from the CPN coalition. By June, Díaz had formed the Movimiento Nacional de Liberación (MLN) and led the party in active opposition. Constitutionally Díaz could not resign his post, and Guardia had to be hesitant to act against him since his brother-in-law was Colonel Vallarino, head of the Guard.⁹²

In July the feud took on a fresh bitterness. Guardia was threatening that he would crush any coup attempt, and the MLN was demanding that the Assembly charge the President with abuse of power and for employing Communists in his government in violation of the law. The MLN also staged a rally which petitioned for the President's resignation. The leaders

⁹²Ibid., July, 1957, 299.

of the rally also planned to picket the National Guard headquarters, but the Guard dispersed the group first. Ten pickets were arrested. It was clear that Colonel Vallarino intended to support the government. This support included holding for investigation the Vice President himself. This was ordered by the Minister of Justice Max Huertematte. Díaz was held three hours and then released.

For the next few months the political feuding eased while attention was channelled into the Remón incident again. The trial of the alleged actual assassins of Remón had been delayed for almost two years. The only man who had yet been convicted was Guizado who was serving his term. Finally, on trial in October, 1957, were five people--chief of whom was Ruben Miró who had retracted his original confession. The trial began on October 21. There were four defendants besides Miró: Teresa Castro Suarez, in whose home the gun was found; José Edgardo Tejada and Luis Carlos Hernandez, accused of selling the gun; and Federico Alberto Hyams, the alleged driver of the car used.⁹³

The courtroom was not open to the public, but the trial was broadcast by radio. The trial stretched all through November. The prosecutor had assembled many witnesses and

⁹³Ibid., October, 1957, 464.

experts including an American ballistics expert and a lie detector specialist. On December 10, the verdict was reached. All five on trial were released because of lack of evidence. Within a week José Guizado was also released since his accuser's original confession was now useless. Thus the Remón era was officially over. Few were satisfied, but the entire question was to drop out of public concern. The secret of the incident would probably remain among the governing elite.

Despite the lull provided by the Remón trial, and a brief flurry of anti-American agitation, Guardia was not able to control the political agitation. In January, 1958, Guardia's Minister of Foreign Relations, Ernesto Castellero, proposed that the United States pay Panama one-half of canal receipts. The National Student's Congress picked up the proposal for a time and got some public interest but by the next month internal politics was the dominating current interest.

In February, Guardia tacitly admitted to the fraud of the 1956 elections by calling for political reform. He blamed electoral fraud on public complicity and immature political parties. He called for full political cooperation for reform, but his opposition simply charged that it was the government, along with the National Guard, which controlled the electoral situation.

In March, Guardia lost the support of powerful Harmodio

Arias. Arias's newspapers had been increasingly critical of the President's policies and finally his two sons, Roberto and Gilberto, quit their posts as Ambassador to London and Finance Minister, respectively. Their publicly-stated reason was that the President had tried to force their father to ease up on his criticism and they were resigning to protect the freedom of the press.⁹⁴

The most serious threat to Guardia's government occurred in May of 1958. On May 19 an estimated 3,000 students staged a march protesting government failure to improve schools. The students, demanding the resignation of the Minister of Education and three of the top National Guard leaders for their anti-student attitudes, soon got unruly. In the scuffling between students and Guardsmen, one student was killed.

Joined by politicians and hoodlums the demonstration, in the next days, grew in proportion. Guardia, fearing a general strike, declared a state of seige and began to strike at his opposition--including the closing of La Nación run by Díaz. By May 22, eight people had been killed and 800 students had barricaded themselves in the University staging a sit-down strike. The students kept up demands for the resignations and insisted that all the people jailed during the protests be released. It was May 30 before the University

⁹⁴ Ibid., XI (April, 1958,)142.

President, Jaime de la Guardia (no relation to President) announced a settlement. This included his initiation of legislation to limit the tenure of Guard officers, to end their control of jails, and to prohibit their role in business and politics. This action was backed by three cabinet changes involving the Education Minister, the Foreign Minister, and the Public Health Minister. The schools re-opened June 9th, and it appeared that conditions had returned to normal.

The settlement of the school crisis did not signal an end to the unrest in the nation. The Liberal Party, led by Díaz, had embarrassed the government in April by having Ramon Gamboa file a petition for oil and mineral rights in the Canal Zone with the Panamanian Department of Mines. The government, of course, had either to reject it and admit the United States' sovereignty over the area or to approve it and cause problems with the United States.⁹⁵

In September, signs of forceful resistance reached serious proportions. One was a student-led coup which had been planned for September 26. The plot had involved bank robberies in Darien and then a march to the capitol. Arms for the coup were found in the home of David Anquizola, a

⁹⁵Ibid., May, 1958, 201.

Liberal Party member and former President of the National Assembly. Concurrently, an investigation into an attempt to kill Ruben Miró revealed more opposition. Miró had unexplainedly been shot down in August. Held for investigation was Alberto Cuellar Arosemena. Alberto's brother, Enrique, in the course of defending his brother, revealed information about the "Totistos" an opposition group led by Remón's brother--Alejandro ("Toto") Remón.⁹⁶

Guardia, in an attempt to hold off further trouble, told the public that he was pushing for enactment of the bill which would limit the terms and influence of National Guard officers. The attempt was not successful. On September 29 the students and teachers went on strike to protest Guardia's decree-law giving the President the right to appoint the faculties of the schools and universities. In his state-of-the-nation speech, Guardia attacked the strikers for being irresponsible. This precipitated the barricading of students at the Instituto Nacional. When a National Guardsman was wounded at the school, the Minister of Education, Carlos Sucre, closed the schools and ordered them shut until 50 percent of the student's parents guaranteed their children's conduct. It was not until October 9 that a settlement was

⁹⁶Ibid., October, 1958, 492.

reached. The President had again seriously injured his public support.⁹⁷ Even this was not the end. Student protests continued throughout the year.

Throughout 1959, as the next elections neared, the political feeling continually intensified. The year started badly when, in January, Attorney General Hermonenes de la Rosa ordered an audit of the accounts of Panama City. The order was made in response to an unusual number of complaints, and it was the beginning of a major scandal. The auditors reported that large sums were being used for salaries to political workers who did no public work.⁹⁸ The faction of the CPN which controlled the city council was also that which opposed Guardia. It was probably exposed by Guardia to embarrass his opposition, but he was as harmed as everyone else. After a series of threats, the assaulting of a radio broadcaster, and the brief reign of a revolutionary city council, the government regained control and three councilmen were replaced.

For most of 1959 and until May, 1960, political maneuvering for the next elections dominated the scene except for three incidents. The first was an attempted coup by National

⁹⁷ Ibid., November, 1958, pp. 548-49.

⁹⁸ Ibid., XII (March, 1959), 20.

Guard officers. The coup was planned for March 4th, but was smashed by the arrest of 20 leaders. At least 55 people were implicated and in all 33 were arrested including four civilian members of the Movimiento de Liberación Nacional. The plot was to put Díaz into power.

Of more serious proportions was the invasion plot of April, 1959. This was linked with Castro and his revolutionaries as well as leading Panamanians. The invasion never really got started. The invaders surrendered to a Cuban representative and were returned to Cuba for trial when Castro denied any part in the plot. The most important Panamanian was Roberto Arias who gave the whole incident an undue international publicity because his wife--Dame Margot Fonteyn, famous British dancer--was briefly arrested. The whole affair was given a comic effect obscuring its real implications when even the American actor John Wayne was briefly implicated because of his partnership in an Arias-run shrimp business.⁹⁹

The last serious incident of Guardia's term was the November, 1959 demonstration in the Canal Zone. The demonstration was organized and originally led by presidential

⁹⁹ "Panama: Dancer and a Dither," Newsweek, May 4, 1959, p. 48.

candidate Aquilino Boyd, a former foreign minister, and Ernesto Castillero, a professor at Panama University. The demonstration was held on November 3, and was at first peaceful but it soon turned into a riot. Governor Potter of the Canal Zone was forced to use Zone police to disperse the mob. He later barred United States citizens from leaving the Zone and cut purchases from Panama. For the Panamanians the demonstration was so successful that a second one, more peaceful since it was controlled by the National Guard, was staged on November 28.

The early stages of the political campaign for the 1960 election centered around the law setting the number of voters a party must have to qualify legally as a party. Remón had set it at 45,000; it had been dropped to 22,000 under Guardia. Under this ruling three groups qualified--the CPN, the Liberal Party, and Arnulfo Arias' Panamenistas.¹⁰⁰ This was a source of trouble within the disintegrating CPN. In February, two Assembly delegates resigned from the CPN. The pressure finally worked and by August the law had been dropped to a 5,000 voter requirement. Eighteen parties were soon registered for the election. The CPN, badly weakened by desertion, nominated the moderate nationalist Ricardo Arias. The younger Arias

¹⁰⁰"panama," HAR., XII (March, 1959), 21.

brothers split with Roberto supporting Temistocles Díaz of the MLN and Gilberto working with Aquilino Boyd in a nationalist party. Also contending was Arnulfo Arias, living outside the country, with his party now called the Third Nationalist Party (TPN).

In January, 1960, the small parties began to unite so that by May there were three main contenders for the Presidency. Four parties--the Partido Republicano, Partido Liberal Nacional (PLN), the MLN, and the TPN--united into the Union Nacional de Oposición (UNO). Their nominees were Roberto F. Chiari of the PLN for president, and Sergio Gonzalez Ruíz and José D. Bozan as running mates. Chiari was also endorsed by the Partido Socialista for promising agrarian reform. Three other parties--Resistencia Civil Liberal (RCL), Partido Progresista, and Partido Renavador--united into the Alianza Popular and nominated Victor F. Goytia.¹⁰¹

The campaign with three contenders soon became extremely heated. The most serious fault with the CPN candidate (Ricardo Arias) was that he had failed to push for concessions while Ambassador to the United States, and the fact that he had not pushed the search for Remón's assassins when he was

¹⁰¹Ibid., XIII (May, 1960), 171.

president in 1955-56.

The days prior to the elections were filled with rumors of vote fraud plans, the possible actions of the National Guard, and many other charges and counter charges. The election was held in May and to everyone's surprise, Chiari had won and there was to be a complete change in government. Chiari was inaugurated in October and like most of his predecessors, faced serious opposition. Chiari's party did not control the National Assembly and this would be his most serious problem.

After the four troubled years of the Guardia administration, the term of Chiari seemed peaceful. This idea, however, is misleading. The final months of Chiari's term were marked by the most bitter anti-United States demonstrations in the Canal's history. The Alliance for Progress, the oligarchy's fear of Fidelismo, and their own bitter in-fighting of the last four years convinced many politicians to heed Chiari's pleas for cooperation. But the passions were still there. This was evidenced by the intense activity for the 1964 election which was already beginning in 1960.

Chiari began his term with a plea for harmony and cooperation among politicians. In an inaugural day interview with Christian Science Monitor correspondent Ralph K. Skinner, Chiari said, "Sometimes I think I am the last President from my class. If I am not successful in presenting honest ideas

and proposals in my government; if I do not convince the people of Panama that my objectives are for their benefit; if I fail....., I don't know what might happen to Panama."¹⁰²

A real windfall for both Chiari and all Panama was the Kennedy Alliance for Progress plan. The principle of the program was quickly endorsed by the leading political parties. By September, 1961, Chiari had drawn up a program requesting \$191 million from the United States under the Alliance. In return, Chiari promised the United States that Panama would allow the building of a new canal using atomic explosives.¹⁰³

Much of the early political maneuvering centered around the National Guard. The chief critic of the Guard's role was Harmodio Arias using his newspaper La Hora. Arias had other papers (El Panama-America, La Critica, Panama-American), but he restrained his attack to the one. As mentioned above, Chiari had failed to get control of the National Assembly and had been forced to rely on the Harmodio Arias family which had important influence because of their various political connections and newspaper control. In recognition of this debt, Chiari had given posts to the two sons, a grandson, and had restored the political rights of the brother, Arnulfo.

¹⁰² Christian Science Monitor, October 1, 1960, p. 3.

¹⁰³ Ibid., September 6, 1961, p. 5.

Harmodio's attack on the Guard was probably due to his assessment that Chiari would try to use the Guard to increase his power and break the hold of Arias over him.

Despite the attack, Chiari continued to court the National Guard. In August, 1961, his Minister of Interior and Justice, Marco A. Robles, proclaimed the merits of the Guard in an interview with the Panama Star and Herald. Robles praised the Guard's role in checking the crime wave in Colon and Panama City. He also took the opportunity to attack the courts by saying they were failing to convict leftist agitators.¹⁰⁴ In December, Chiari managed to protect the Guard from a potentially embarrassing situation by having his Attorney-General declare invalid a proposed National Assembly committee which was to investigate the Remón assassination.¹⁰⁵

The National Guard continued to benefit from the political fighting. Early in 1962, Chiari arranged for pay raises, special housing benefits, and new patrol cars. It was after this that Arias stepped up his campaign. The center of contention became Major Manuel José Hurtado. Hurtado had been a commander of a Public Order Company. In

¹⁰⁴"panama," HAR., XIV (October, 1961), 690.

¹⁰⁵Ibid., February, 1962, 1086.

April, 1962, he had been transferred to Costa Rica as military attache. Arias editorialized in La Hora that the Guard was trying to purge middle class officers, such as Hurtado, from the Guard. The government denied the charge.¹⁰⁶ Hurtado was soon forgotten until August when he returned to Panama, collected 18 followers, and began to stage a rebellion. He was quickly caught, but he was able to spark a major controversy. Hurtado accused Bolivar Vallarino of smuggling guns into Colombia. He also justified his revolt as an attempt to draw public attention to the danger of Communists in Panama and to change the leadership of the Guard.¹⁰⁷

The whole incident provided a perfect incident to be exploited by Chiari's opposition. The Arias family had first started their support of Hurtado as a bid for middle class support. When the incident occurred in August, two Assembly deputies, Thelma King and Carlos de la Ossa, called for a full investigation of the charges. The tension between the Arias family and Colonel Vallarino culminated in September when Roberto Arias was challenged to a duel by Colonel Vallarino. Vallarino charged Arias with bad check writing, whiskey smuggling, and inciting rebellions. Arias

¹⁰⁶Ibid., XV (June, 1962), 315.

¹⁰⁷Ibid., November, 1962, 801.

accepted the challenge, but only on the condition that Vallarino come to Colombia since Arias was still under a warrant in Panama from the 1959 invasion.

As early as May, 1962, 15 parties had registered for the elections in 1964. Many parties were already discussing coalition conditions. In January, 1963, Ricardo Arias and Victor F. Goytia agreed to a union. Together they had polled 146,000 votes in 1960, compared with winner Chiari's 100,000 votes.¹⁰⁸ In February, these two, representing the CPN and the Partido de Resistencia Civil (PRC), were joined by the party of Gilberto Arias, the Tercer Partido Nacionalista (TPN).

Chiari was not doing too well with his Liberal Party. The party was disintegrating over the question of who would be the candidate for the elections. In August, Chiari recommended that the party candidate should be Lottery Chief Guillermo Elias Quijano. Immediately, Education Minister Alfredo Ramirez resigned to seek the nomination. A few days later he was followed by Planning Director David Samudio. By January, 1964, Chiari had been able to piece together a seven-party coalition led by the Liberal Party. The coalition had settled on Marco Robles, Max Delvalle, and Raul Novarro as its three running mates. Their chief opposition was the

¹⁰⁸Ibid., XVI (March, 1963), 29.

eight-party Alianza de Partidos Oposicionistas running Juan de Arco Galindo, Gilberto Arias, and Luis D. Alfaro.¹⁰⁹

The elections were temporarily forgotten in January when the worst anti-American demonstrations in the Canal's history broke out. The riots were not an isolated or unprecedented action. The situation had been mounting for months. The intensity of the political campaign had encouraged many politicians to use anti-Americanism for their campaign. Chiari had failed to win any substantial concessions from the United States. Most important, nationalistic students were being encouraged and led by leftist agitators who were especially encouraged by the rising wave of Fidelismo.

The riots started to develop on January 8, when the student leader of the Panamanian National Institute, Guillermo Guevara Pas, met with the principal of the Canal Zone Balboa High School. Their discussion concerned the flag situation in front of the school. American students insisted that only the American flag should be used in front of the school. The Panamanian students wanted both flags. The Canal Zone government, to avoid the problem, had ordered that no flag should be used. The students were not satisfied with the results of the discussion, and they returned the next afternoon. This

¹⁰⁹Ibid., (February, 1964), 1147.

time scuffling broke out between the two groups of students and it soon flared into full scale riots with Panamanian groups spreading throughout the Zone and firing on Americans from across the Zone border. On January 10, the riots forced Chiari to break relations with Washington. By the time the situation was again under control on January 13, over 700 people had been killed or injured and property damage was set at over \$2 million.¹¹⁰

The intensity of the riots and the aftereffects may be largely attributed to President Chiari. The riots probably could have been dispersed in the early stages if the National Guard had been called in as the Canal Zone authorities had requested; however, they never were. Chiari was afraid of internal friction caused by using the Guard, and also he probably feared the riots might also include a coup. Colonel Vallarino refused to act on his own because of the criticism already directed against him.¹¹¹

Chiari also soon found that he had trapped himself politically. Chiari had broken relations with the United States in an attempt to force some concessions, but his

¹¹⁰ "Inside Story of Panama Riots," U.S. News and World Report, March 30, 1964, p. 48.

¹¹¹ Dubois, Danger Over Panama, 291.

position weakened on January 15th. On that night he told a student demonstration that negotiations would not resume until the United States agreed to renegotiate the treaty. Chiari then was forced to back down and lose student support or lose business support since Panamanian business suffered as long as relations were strained.¹¹²

The riot situation was also intensified by the irresponsible broadcasting of the radio and television stations which encouraged citizens to join the riots. The unknown element was the role of the leftist, especially Castroite, groups in Panama. The Panamanian and American officials disagreed deeply over what was Castroite agitation.

The United States-Panama break had not yet been settled in February. It had appeared to be over in January when an agreement was reached between the two sides, but this broke down the next day over the word negociar used in the treaty. The question was whether the Americans were agreeing, by using this word, to renegotiate the original treaty. The United States decide it was not, and the whole issue went to the Organization of American States. The Panamanian representative demanded a full investigation and the OAS finally agreed, 16 to 1, to carry it out. The break was finally settled in March, 1964,

¹¹²Ambrister, Saturday Evening Post, pp. 75-76.

when the United States agreed to conduct a full study of the situation.

Though the riots were not free of political implications, the attention of Panamanians became more centered on politics as the election neared. By March the three leading candidates were Marco Robles, Juan Galindo, and Arnulfo Arias. Arias was the least anti-American of the three, and he directed his attack against the oligarchy. Arias claimed that members of the oligarchy owed \$121 million in back taxes. He also promised a government free of Communists and dedicated to prosperity.¹¹³

By the time of the elections in May, many observers believed Arias would win in honest elections. The result of the election, which was considered fair, was that Robles was the President-elect. Robles, however, was not in an enviable position.

Robles was considered honest by most politicians, but they also agreed he was inefficient. Robles himself is not rich, but he is closely connected with the oligarchy. Chiari is his cousin. Robles also faced the fact that the National Assembly was controlled by Arias' Panamenista Party. The new President also faced the highest national debt in the nation's history and rising unemployment--at that time over 20 percent.

113

"Panama," HAR., XVII (May, 1964), 220.

Since his election, Robles has proved to be competent and dedicated. He built a competent cabinet and rapidly began to carry out his program, especially the collection of taxes. Demonstrations in January, 1965, were quickly dispersed and Robles has since maintained relative stability and peace with the United States.

VII. LABOR AND COMMUNISM

The Panamanian labor force has never been a decisive force in the nation's affairs. It is comparatively small--totaling about 350,000 workers. Many of these are agricultural workers and out of the main stream. Furthermore, in January, 1964, it was estimated that as many as 37,000 unemployed were living in Panama City.¹¹⁴

Panama's labor force is still in its infancy of organization. There are no strong unions or labor federations; nor is there any labor party. Though, officially, the worker is well protected by law, much of this social legislation is unenforced. The reasons for this low state of organization are common among nations of Panama's size and comparable state of economic development. The economy, controlled by a small elite, is filled with companies which are anti-union and too powerful to be intimidated by strikes by unions which are so poor. Such a company is the Chiriqui Land Company, a subsidy of the United Fruit Company. The Chiriqui Company is notorious for its anti-union activity, and there are reports of workers who have committed suicide to escape the persecution resulting from their union activities.¹¹⁵ Also, many of the

¹¹⁴ Detroit Free Press, April 17, 1966, p.b, 1.

¹¹⁵ Ricardo Vargas Lopez, "Trade Unionism in Panama's Banana Plantations," Free Labour World, VII (February, 1957), 32.

employment areas are run by the government, and in Panama these jobs have depended most on political patronage and nepotism. The National Association of Telecommunication Workers of Panama considered it a major step forward when its members were recognized as professionals and placed outside of patronage.¹¹⁶ A third problem is created by Panama's drive to have ship owners register under Panamanian regulations. The drive to do this has led to a laxity, if not an open refusal, on the government's part to support unionization of maritime workers. This has been a particular concern of the International Transport Worker's Federation.

By far the most important factor in the development of the Nation's labor force has been the Canal Zone. The Canal Zone, with its American workers, has been both beneficial and destructive to Panamanian unions. The powerful international labor organizations have always been interested in the American in the Zone, but they have consistently refused to expand their activities into the Republic of Panama. Since there is no longer a division between local employees and American employees in the Canal Zone Company, the unions now include Panamanian workers--but only if they work in the Zone. The local labor

¹¹⁶Unity (Inter-American Information Bulletin, Rio de Janeiro Brazil), IV (June, 1960), 24.

organizers were unable to enlist the help of either the A. F. of L. or the Pan-American Federation of Labor. Yet these organizers observed how successful these unions could be in their activities in the Zone. The result was that the local Panamanian movement was discouraged at their own lack of success and willing to mark time until the big unions did decide to expand into Panama.

The most important reasons for the lack of union activity among Panamanians despite the active unionism in the Zone were racial prejudice and the differences in pay rates. Though the mother organization such as the A. F. of L. rejects any prejudice in unionization, their local affiliates in the Canal Zone carried out obviously prejudicial policies.

In most cases the unions were simply copying the official Zone administration policy toward local workers and American workers. The Panamanians resented this policy of discrimination as well as the placing of Panamanians on the same level as the West Indian. The CIO briefly tried to foster unionization of the "silver workers" (Panamanians) by using a Negro as its representative but was unsuccessful. The Panamanians were intent on getting equal status with American workers. Union activity, before the 1955 treaty revisions which ended the obvious differences between the two types of workers, reached a peak in the late 1940's. The CIO was the

major force behind it, and they made much of the fact that the silver workers had increased their earnings by 31 percent, but cost of living had risen by 57 percent and the worker did not realize any real benefits of unionization. At that time the goal was a 40 cent minimum wage.¹¹⁷ This problem has not yet been fully resolved. Representative of the extreme prejudice of the America Zonians, who are most opposed to improvements for Panamanian Zone workers, is the statement of J. W. D. Collins. Collins testified before Congress in 1955 that using Panamanians in place of Americans would create loyalty problems.¹¹⁸

The Worker's Trade Union Federation of the Republic of Panama made a study into their own failures early in 1952. They concluded that agitation and propaganda has not been used extensively enough to convince workers of the needs of unionization, and when it was used it was usually out of touch with the worker's real needs. The organization decided that individualistic, legalistic methods needed to be replaced by mass action aimed at companies which were too weak to afford a strike.¹¹⁹

The development of labor thus far has been sporadic and

¹¹⁷ George W. Westerman, "Gold vs. Silver Workers in the Canal Zone," Common Ground, VIII (Winter, 1948), 92--95.

¹¹⁸ "Panama," HAR., IX (April, 1956), 171.

¹¹⁹ "Panama: Reorganization of the Trade Union Movement," World Free Trade Union Movement, January, 1952, p. 35

varied in emphasis. As early as 1920, the silver workers tried to carry off a strike in the Zone, but it was easily broken and left the workers worse off than before. After that many workers (Panamanians) joined the Panama Canal West Indian Employees' Association. In 1946, this union had been absorbed into the CIO affiliate, United Public Workers. This union activity came to a quick end as a result of the purge of Communists in unions in the United States. The UPW was dropped from the CIO along with the regional director in charge, Max Brodsky.¹²⁰

Union activity increased in the mid-1950's largely among agricultural workers. This work was directed by the ORIT.¹²¹ In 1955, Panama barred three representatives of the ORIT from Panama because they tried to organize the workers of the United Fruit Company. In June, representatives of 22 Panamanian unions met and formed the Committee for Union Trade Unity. They also sent a protest to President Ricardo Arias about the policies directed against the ORIT representatives in April. In July, Arias had assurances of cooperation with labor sent to George Meany in the United States and to ORIT headquarters in Mexico

¹²⁰"Panama," HAR., 11 (April, 1949), 9.

¹²¹Inter-American Regional Organization of the International Confederation of Free Trade Unions.

City.¹²²

Most recently the labor organizations have been concentrating their efforts on the maritime workers. The effort has not really been for the Panamanian workers, but all maritime workers employed on Panamanian flag-flying ships. These ship owners were escaping the high union worker costs by registering with the very lenient Panamanian government. The International Longshoremen's Association began activity in 1962, and staged a four-day strike among Canal Zone stevedores. The strike was broken easily, and by March the ILS had gotten itself involved in a suit with the United Fruit Company and this ended their activity. Since early in 1965, the National Maritime Union (NMU) has been working actively, but without significant results except that the Panamanian government has once threatened to bar their activities.

Though there is no large labor organization, the politicians do make appeals for the votes of laborers. No campaigning politician can afford to ignore the worker, and many have tried to get the support of all workers. It is, however, the support of the individuals rather than of labor as a whole. One problem for the politicians is the large number of workers

¹²² "Panama Welcomes Cooperation of Democratic Unions From Abroad," Inter-American Labour Bulletin, VI (August, 1955), 1.

who are employed by the Canal Zone Company. As commercial activities are curtailed, Panamanians will lose jobs. The 1955 treaty revision--with the closing of the commissaries--cost the jobs of many Panamanians, most of whom have not yet found new work.¹²³ Furthermore, labor still has the general strike as a weapon which can embarrass, if not topple, a weak government.

The Communist Party in Panama, with less than a thousand members, is more important than its meager membership would indicate. The members are dedicated, well-trained, and active--exerting an influence greater than any other party members. Secondly, publicity of their actions both by the United States and the Panamanians, who often over-emphasize their activities to explain their own problems, accounts for their seeming strength. The Communists are formally the Partido del Pueblo (People's Party). The party claims a membership of over 5000. It is more likely that the party members do not number over 600, with a leadership of about 20 who have had training outside of Panama such as Hugo Victor who spent time in Russia.¹²⁴

The first Communist group was organized in 1925. In the

¹²³ "Panama," HAR., XV (September, 1962), 602.

¹²⁴ Dubois, Danger Over Panama, 311.

1928 election their party, Partido Laborista, polled 1000 votes. After the 1929 Comintern conference in Buenos Aires where this Panamanian party described itself as partly Communist, the Comintern organized the official Communist Party of Panama in 1930. After 1933, the Communist Party had an active Socialist party as a rival for the control of labor. At the beginning of World War II, the party could claim only 50 members. The war years were prosperous ones for the Communists who were able to ride the crest of pro-Ally support. The Communists were able to get wide labor support and in 1944 they set up the Federación Sindical de Trabajadores de Panama. The Panamanian Party efforts were aided by the success of the United Public Worker's Union which was working in the Canal Zone. The UPW was a communist union. It was exposed in 1949 and most of the members went to the non-communist CIO affiliate set up for that purpose.¹²⁵ Concurrently, with this union move, the United States' President Truman put all American Canal Zone workers under Civil Service and the qualifying pledge of loyalty to the United States.

The most important action of the Communists in the immediate post-war period was their agitation against the 1947 defense bases treaty with the United States. The Communists

¹²⁵Robert J. Alexander, Communism in Latin America (New Brunswick, N.J.: Rutgers University Press, 1957), p. 393.

successfully organized a mass demonstration on December 12, 1947, which probably convinced some Assembly deputies to vote against the treaty. Furthermore, the representatives for the Students' Federation and the Association of Graduates of the University of Panama testifying before the Assembly hearings on the treaty were Hugo Victor and Humberto Record--both Communist party members.

President Arnulfo Arias had tried to outlaw the Communists in 1951, but his action was declared unconstitutional. President Remón was more successful. In October, 1953, the National Guard announced discovery of a Communist plan for agitation in Panama. A few Communists were arrested. More importantly, in December, 1953, Remón passed a law barring Communists from government employment and business transactions with the government. This law was effective and constitutional. By the mid-1950's, the Communists had lost most of the gains they had made up to 1947, and they were to remain a small but important party.

The activities and the strength of the Communists lie in the student movement. The student-led, nationalistic movement is primarily a native Panamanian, non-Communist movement, but the leftist tendencies of the students and their active agitation serve as a perfect front for the Communists. The student groups are often manipulated or influenced by professional-student

Communists such as Cleto Manuel Sousa who had training in Moscow.¹²⁶ The greatest penetration the Communists ever made into the actual leadership of the student groups was in the late 1940's. At this time the Communists, working through certain faculty members of the National Institute, had managed to get the government to print a magazine, later sold to the public, which was Communist propaganda.¹²⁷ At the same time the principal of the Girl's Normal School in Panama City was also a member of the People's Party.¹²⁸

The Communists have been able to make good use of the students, the unorganized and unemployed laborers, and the presence of the Canal Zone to further their own aims. But despite the statements of such people as U. S. Congressman Daniel Flood who blames all the trouble on Communists in Panama, the People's Party has been generally unsuccessful.¹²⁹ They have not penetrated the government. Panama was one of the first countries to call for an OAS conference in 1954 when a Communist take-over seemed imminent in Guatemala.

¹²⁶ Edward Hunter, "We're Asking For It in Panama," National Review, March 14, 1959, p. 583.

¹²⁷ Dubois, Danger Over Panama, 172.

¹²⁸ Jules Dubois, Operation America: The Communist Conspiracy in Latin America (New York: Walker and Co., 1963), p.92.

¹²⁹ U.S.; Hearings. . . Relations with Panama, 4.

The failure of the Communists, up to 1959, to dominate Panama or to make the Canal a disabling issue between the United States and Panama has a number of explanations. First, there has been no real laboring class for exploitation. What organized labor there was was concentrated in the Canal Zone and had no desire to join anything which might jeopardize their jobs. Also, the Panamanians have been loyal to their small individualistic parties--especially to Arnulfo Arias and his nationalistic party which offered all the Communists did, but remained a local party. By far the most important factor has been that Panama's Communists as well as all of those in Latin America have been a loyal part of the international Communist movement. This simply has not appealed to the Panamanians who are truly nationalistic. The post-war reaction to the Communists in Panama was similar to that in all of Latin America. The nuances of the local parties--in perfect accord with the Russian Communists--convinced many people that the party was simply a front for another type of imperialism. Many nationalists rejected the Communists as simply too internationalistic.

VIII. CASTRO AND PANAMA

In 1959, however, an event occurred which gave new strength to the Communists, inspired the nationalists, and gave a sense of urgency to the Panamanian elite's attempts to reform its own house. The Castro-led Cuban revolution has brought major changes throughout the world. Panama, because of the Canal, became a target for Castro's campaign against the United States imperialism. All of Latin America, including Panama, was impressed with a real social revolution right in Latin America. A social revolution had become the goal for Panamanian nationalists since World War II, and now they had seen one. One, in fact, that they could emulate. Castro's appeal to Latin American revolutionaries stems from the strong sense of cultural unity that exists throughout Latin America; all can feel akin to it. These revolutionaries are inspired by three things. First, Cuba has now become the inspiration for all people who want land reform and basic economic and social changes.¹³⁰ Next, Castro is definitely anti-American and this appeals to all the Nationalists who have always had the same idea. Lastly, the Cubans have rejected the financial capital of the United States. This

¹³⁰ Nicolas Rivero, Castro's Cuba: An American Dilemma (Washington: Luce, 1962), p. 110

foreign capital has always been decried by the nationalists as exploitation of their natural wealth,¹³¹ but Cuba was the first to try to survive without American investors.

By the end of 1960, Castro had firmly established himself, not only as a revolutionary, but also as a Communist. This maneuver was to have far-reaching effects. It gave Castro a new image and provided the governing elite in Panama a weapon with which to attack the Cuban revolution indirectly and Castro directly. To the Communists in Panama he was now even a greater inspiration, and he supplied the opportunity to unify and vitalize the communist movement in all of Latin America. The precipitating event for Castro's turn to the far left was the Seventh meeting of Consultation of Ministers of Foreign Affairs at San José, Costa Rica. At the meeting the foreign ministers approved the Declaration of San José which denounced any intervention of an extra-continental power into the affairs of an American republic.

Castro was not mentioned, but he considered it an attack on Cuba. At a public meeting in Havana, Castro bitterly attacked the United States, the OAS, and all the Latin American governments which were allowing themselves to be "colonies"

¹³¹ "Reds Export Cuban Revolution," Business Week, February 18, 1961, p. 65.

of the United States. He also read his official attack on the United States called the "Declaration of Havana".

Castro next recognized the government of Red China, and in September he personally attended the United Nations sessions and met with all the Communist country leaders. In his lengthy U. N. Speech he again attacked the United States politicians--especially the two presidential contenders, Nixon and Kennedy.¹³²

Castro and the Cuban revolution was a valuable asset to the Communists because it did not have a foreign aspect. It was Latin American in its conception and apparently Castro had executed his revolution without Communist help. Since the 1954 Guatemalan disaster for the Communists, the official strategy of the international Communist movement as directed by Moscow, and later Peiping also, was to work quietly--infiltrating the various nationalist movements. Hopefully, after full infiltration, the Communists would be able to subvert the nationalist, social revolution into a Communist one.

However, in what may, in retrospect, prove to be a major strategy mistake, the Communists loudly proclaimed Castro as a member of the Communist world Community. He became the number one slogan of the Panamanian and all Latin American

¹³²Rivero, Castro's Cuba . . . , 119.

Communists. As one authority put it, "Castro has inspired a violent coalescing of the Peiping-type Communists, the radical leftists, and the anti-American ultra-right nationalists".¹³³ The Communist movement, imbued with a new hero, became more coordinated, more active, and better directed than they had ever been before. But this new vitality proved expensive. The far left, with Castro as a hero and the slogan "National Liberation from Yankee Imperialism", was split off from the less radical elements and the large majority of the nationalist movement.¹³⁴

Though, in retrospect, the tactical change appears a blunder, it has not negated the danger of Fidelismo in Panama or any of Latin America. Castro, to many, now appears to be the lackey of foreign powers who control the Communist movement. The 1963 missile confrontation convinced many Latin Americans of this. Just as internationalism hurt the Communist movement, it hurt Castro as a symbol for Latin American Revolutionaries. But it has not destroyed the Cuban revolution, outside of Castro, as a symbol for revolutionaries. The excesses of the Cuban revolution and its Communist ties

¹³³ "New Communist Patterns in Latin America," Fortune, October, 1963, p. 104.

¹³⁴ Ibid

caused a lack of faith in Castro, not in the Cuban social and economic revolution. Especially important to the Panamanians is the fact that the Cubans did put the United States in its place. A deep-seated faith remains because "the impact of the Cuban revolution has already been sufficiently great for the revolutionary momentum to roll ahead even if the Castro regime should vanish overnight".¹³⁵

After his return from the United Nations in September, 1960, Castro made one of the clearest of his early statements pledging Cuba's support of revolutions throughout Latin America. It was hardly necessary. In the spring and summer of 1959, revolutionary invasions of Panama, Nicaragua, the Dominican Republic, and Haiti had been clearly linked to Castro and Cuba. They were all miserable failures and the Panama invasion was representative. It was to be the coordinated effort of Ricardo Arias and Cuban revolutionaries led by Cesar Vega, a major in the Cuban army. The invasion was defeated so quickly and appeared so comic that Castro denied all connection with it, but no one was convinced.

These 1959 attempts were major mistakes for Castro. The Panama invasion especially indicated that Castro was not interested just in deposing dictators. For all its faults,

¹³⁵Tad Szulc, The Winds of Revolution: Latin America Today--and Tomorrow (New York: Frederick A. Praeger, 1965) p. 186.

Panama was a democracy. Furthermore, the man in charge of this early revolutionary activity was Major Ernesto (Che) Guevara who considered Cuba the vanguard against Yankee imperialism. To the dismay of many Latin American would-be revolutionaries, Guevara made it clear that what support Cuba gave would be given only to Communist revolutionaries,¹³⁶ a fact which helped to disillusion many nationalists.

However, by 1960, the Cuban revolutionary activity took on a more sophisticated approach. In March, the Russian, Alexei Alekseyev, and other Russian experts, arrived in Cuba.¹³⁷ Concurrently, Che Guevara disappeared from Cuban activities. One of the first moves of the new approach was the Latin American Youth Congress held in Havana in July, 1960. The young students were guided through an impressive display of the benefits of the Cuban revolution. They also received instruction in revolutionary tactics and how to call on the Cubans for help. Since that time, Castro has continued to work actively among students as a potential revolutionary force.

In the summer of 1960, John A. McCone, Director of the

¹³⁶ Rivero, Castro's Cuba. . . , III

¹³⁷ James Monahan and Kenneth O. Gilmore, The Great Deception: The Inside Story of How the Kremlin Took Over Cuba (New York: Farrar, Straus, and Company, 1963), p. 154.

U. S. Central Intelligence Agency, testified before Congress on the Cuban situation. McCone reported that the revolutionary movement was sophisticated, well-directed, and maintained training centers for potential revolutionaries. These recruits were given up to one year of training, returned to their country, and promised arms and money to carry out their revolutionary acts.¹³⁸ This information was subsequently relayed by the U. S. State Department to all the delegates at the OAS conference in San José in August.¹³⁹

Active revolutionary agitation and support of revolutionaries was carried from Cuba by its diplomats and its news agency, Prensa Latina. This agency was overhauled by the Russians and became a copy of Tass.¹⁴⁰ Besides reporting Communist-interpreted news, its correspondents have become active go-betweens with the revolutionary elements. Similarly, despite the protest resignations of some ambassadors, Cuba's embassies in Latin America have become, often blatantly, centers of propaganda and revolutionary activity.

Many elements in Panama have been especially impressed

¹³⁸ "Reds With Arms and Cash Spreading Out From Cuba," "U.S. News and World Report, March 11, 1963, p. 69.

¹³⁹ Rivero, Castro's Cuba. . . , p. 114.

¹⁴⁰ Monahan and Gilmore, The Great Deception. . . , p. 156.

by Castro and he has made every attempt to appeal to Panama-- with its ready-made situation for revolutionary exploitation. At the original Youth Congress, referred to above, Jorge Masetti, Director of Prensa Latina, said, "We will continue to announce our presence to our brothers in Puerto Rico and Panama, and we will continue to tell them, 'plant bombs, throw out the gringos'".¹⁴¹ In January, 1960, the preliminary meeting of the first Inter-American Conference of Working Journalists held in Panama City was marred by the argument over whether to adopt the 10-point resolution presented by the Cuban delegation. One of the key points was that the body consider American control of the Canal Zone as a permanent act of aggression against Panama. The proposal was defeated, but not before it aroused great interest in Panama.¹⁴² One of the most outspoken Panamanian supporters of the Cubans is Thelma King, long recognized leftist and former member of the National Assembly. She made a speech during her fourth visit to Cuba since the revolution calling for her fellow Panamanians to support revolution as the only means of improving Panama.¹⁴³

¹⁴¹ Rivero, Castro's Cuba. . . , p. 115.

¹⁴² "Panama, HAR., XIII (March, 1960), 24.

¹⁴³ Ibid., XVI (May, 1963), 245.

Castroite-supported or provoked activity has been irregular and thus far ineffective. The most controversial event was the January, 1964 Canal Zone riots. It is a matter of dispute on just how active Castroite or Communist agents were in this demonstration. The other major Castroite move was the 1959 invasion attempt. It is linked to Castro through Roberto Arias and his cousin, Ruben Miró (who was tried for the assassination of Remón). Miró was the man who recruited the Cubans who were part of the invasion force. The invaders had been told that Panama was ripe for revolt, but the only demonstration over the invasion was against it. A large mob demonstrated in front of the Brazilian Embassy and demanded that they turn over to them Roberto Arias who had sought refuge in the embassy.

The United States sent small arms to the National Guard and the OAS sent an investigating team. It was Castro who engineered the surrender of the invaders. He sent envoys to Panama who arranged the surrender and the return of the Cubans to Cuba.¹⁴⁴

The next year, 1960, was relatively quiet regarding Castroite activities, but propaganda provided by Cuba was spread throughout Panama. John McCone, CIA Director, included

¹⁴⁴ "Panama: Keep Out," Newsweek, May 11, 1959, p. 61.

in his 1960 report on Castro to Congress the fact that the Panamanian government was destroying 12 tons of captured Cuban propaganda every month.¹⁴⁵ The Panamanian government also reported that an estimated \$20,000 was coming into Panama every month through Cuban diplomats.¹⁴⁶

Castroite activities increased in January, 1961. Late in the month, some bombs were exploded on the lawn of the United States embassy. The car which was used for the bombing was stopped in a few minutes. The car contained more bombs and Castroite posters. More importantly, the car was traced to Assemblyman Carlos A. de la Ossa and Under-Secretary of Finance, Rigoberto Paredes. Both belonged to the Tercer Partido Nacionalista led by Gilberto and Arnulfo Arias, brother and uncle of Roberto Arias. Nobody was arrested, but the incident caused concern throughout Panama.

In July, Castroites again made news. On July 12, Polidoro Penzon was killed making homemade bombs. The investigation revealed that the bombs were to be used by the Vanguardia de Acción Nancional (VAN) which was a new Fidelismo group. In all, 94 people were arrested, including major revolutionary figures and minor government officials.¹⁴⁷

¹⁴⁵"Reds With Arms. . .," Newsweek, p. 69.

¹⁴⁶"Reds Export. . .," Business Week, 71.

On December 15, 1961, the Panamanian government broke relations with the Cuban government. It was generally a popular move. Cuba responded by transferring some Panamanians in their school for political warfare to their school at Minas del Frio for guerilla warfare.¹⁴⁸

The greatest demonstrations in Panama since Castro's takeover were the 1964 riots. The U.P.I. reported that 70 known Communists were in the riots. It named Thelma King, one of the top Castro Communists in Panama, as a leader in the riots.¹⁴⁹ U. S. Deputy Defense Secretary Cyrus Vance reported that there were at least 10 Castro agents in the riots.¹⁵⁰

Other sources reported fewer numbers and agreed with Panamanian officials that few Communists were involved. Whatever the case, the riots were important. They scared both the United States and Panama. The United States feared more Communist activity. The oligarchy was worried because

¹⁴⁷ "Panama," HAR., XIV (September, 1961), 601.

¹⁴⁸ Monahan and Gilmore, The Great Deception. . ., 162.

¹⁴⁹ "How Reds Inflamed Panama", U.S. News and World Report February 10, 1964, p. 8.

¹⁵⁰ "Panama, Bluffs, Pressures, Impasse", Newsweek, January 27, 1964, p. 45.

they realized that the leadership of the nationalist fervor was slipping from their grasp and possibly going to the Communists who were as great a threat to themselves as to the United States.

IX. A CHANGING OLIGARCHY?

To exploit nationalism for their own ends has been a basic principle of Panama's elite. The oligarchy has, for years, tried to convince their people that if they got justice from the United States all Panamanians could have a life like the Canal Zone Americans. In this they have succeeded, but now they have lost control of the nationalist movement to students, Communists, and demagogic politicians. The new nationalist movement encompasses social and economic reform as much as anti-Americanism. It would be erroneous to attribute all of the change to the Cuban revolution. But it was a major factor. Panama's elite can no longer fear the revolution; it appears inevitable. The people no longer believe the United States alone is responsible for their problems. Panama's oligarchy must now fear that the revolution may come like Cuba's, or even a full Castroite, Communist revolution.

There are ample indications that most of the elite is worried. The VAN movement referred to above is an example of what most of these people fear. Previous to the full exposure of VAN, the National Guard had raided a warehouse leased to the group. The police had found large stocks of U. S. Army surplus jackets and some ammunition. Some elements

were alarmed, but Roberto Arias explained in La Hora that the jackets really belonged to his uncle Arnulfo who was going to use them on his banana plantation. The incident was soon forgotten, however ridiculous the explanation had been, especially in light of the later exposure. Such men as Roberto and Arnulfo Arias are still trying to exploit the radical movements for their own ends, but they fail to heed the lesson of the 1959 and 1964 Canal riots. They simply cannot control the movements.

Fears of the elite were not allayed by reports such as appeared in Prensa Latina in 1961 when it editorialized that Chiriquí, Veraguas, and Bocas del Toro provinces in Western Panama would soon start a move for autonomy.¹⁵¹ The elite were also aware that the banana plantations were heavily infiltrated with well-trained Communist agitators. The student movement expressed its direction clearly in 1961 when, at the University of Panama, the students elected César Arosemena as president of the Unión Estudiantil Universitaria. Arosemena is a leftist who ran for the Reforma Universitaria party.¹⁵²

It was President Chiari, elected in 1960, who responded most vigorously against the leftist movements. In his

¹⁵¹"Panama", HAR., XIV (March, 1961), 30.

¹⁵²Ibid., (January, 1962), 987.

inaugural speech, as mentioned, he called for support of all people against Communists and Castroites and demanded a determined effort to improve Panama. He also repeated his plea in his second annual State-of-the-Union message in 1962. By January, 1961, it appeared that he was getting the cooperation he wanted. There was little opposition to his ban on publication of news concerning Castroite activities or Panama's counter-measures. In the same month, Chiari called his ambassador to Cuba home for consultation. The ambassador's last act in Cuba was to demand the recall of Cuba's ambassador who was openly involved in revolutionary activities in Panama. Cuba complied with the request. At the same time, a movement, led largely by the Partido Democrata Cristiano and inspired by Cuban exile Luis Manuel Martinez, began to agitate for a break with Cuba. The government took a middle position. It warned that it would neither tolerate abuses of political asylum, nor would it tolerate revolutionary activities. The National Guard was ordered to fire on terrorists and the Cuban newspapers Bohemia and Revolución were banned.¹⁵³

In April, Chiari moved even further against the left. The move was, in part, precipitated by the disastrous Bay

¹⁵³ Ibid., (March, 1961), 30.

of Pigs invasion of Cuba. The day following the attempted invasion, April 18, the National Guard was ordered to break up demonstrations which might occur condemning United States complicity in the invasion. One demonstration did occur the next day. After a four-hour haranguing, the crowd started off for the Canal Zone, but the Guard quickly dispersed them, claiming they had no parade permit.¹⁵⁴

June, 1964, marked the peak of anti-Communist activities. The radio station Cadena Universal took up the lead in a move to force a break with Cuba. The move quickly gained adherents. Radio Cadena gave air time to Eric Devalle, Chairman of the Partido Republicano, who called for a general strike to pressure the government into breaking relations. The general strike was supported by the Panama City Lion's Club and the National Chamber of Transport. Chiari, however, was able to call off the strike by asking that the Cuban situation be tabled until after the Montevideo conference planned to discuss the Alliance for Progress.¹⁵⁵

Since that time, the government has maintained an active opposition to the Castro government. In September, 1961, the government successfully closed the VAN organization. A year later, in response to the discovery of a Fidelista movement

¹⁵⁴ Ibid., (June, 1961), 307.

¹⁵⁵ Ibid., (August, 1961), 496.

in an outlying province, the government restated its policy against all Castroite activities. In October, 1962, President Chiari ordered that no Panamanian-registered ship should trade with Cuba, and he said that Panama would fully support the United States' Cuban policy.¹⁵⁶

The Panamanian leadership also adopted a new tack in dealing with the United States. In this respect, the demonstrations of 1964 were the opposite of what the responsible elements of the leadership now wanted. The new argument used was that Panama had to be the showcase of Latin America. Cuba was the symbol of the Communist approach and Panama must represent what the United States can do.¹⁵⁷ Also, in an obvious move to gain the favor of Washington, Chiari made a speech at the 1962 meeting of the Council of the OAS calling the non-intervention principle outdated. He claimed the principle could not be justified in a situation where the people had no right of self-determination.¹⁵⁸

The leadership may be trying a new tack but the old problems persist. The oligarchy has, with some success, continued to hide their indifference to social and economic

¹⁵⁶Ibid., XV (December, 1962), 901.

¹⁵⁷"Report on Panama", Latin American Report, 10.

¹⁵⁸"Panama", HAR., XV (August, 1962), 506.

reform behind the nationalist fervor over the Canal. This device is a tried and true method and cannot be abandoned easily. The minor reforms the oligarch has effected have not alleviated the problems, and they have no intention of beginning to publicize their past errors.

Thus this elite faces a real dilemma. To quit the attempt to lead the nationalist movement would mean political disaster, but to push the United States too hard would be equally disastrous. The explanation is that it is a virtual certainty that the United States will build a new sea-level canal. The question is where. Once the new canal is built, the present one will be virtually useless. Its time-consuming passage and outmoded locks will not draw many ships from the new sea-level canal. Even if the new canal is built in Panama, it will not bring in as much annual wealth as the present one; nor will it be a major employer. Whatever country does get the canal, the wealth will be from the original contract, and the employment will be only for construction, not maintenance. Still, something is better than nothing. Panama's oligarchy wants the new canal; to get it they must convince the United States that their new investment will be safe. The 1964 riots were extremely costly to this goal. The oligarchy is aware of how delicate the situation is and sensitive to any instance which damages their new image. In February, 1961,

the National Broadcasting Company ran a special, called Panama: Danger Zone. As indicated by the title, the show depicted Panama as a place seething with anti-Americanism. President Chiari protested and futilely requested a new show which would show Panama's new pro-American policy.¹⁵⁹

So, well aware of how dangerous it is, the Panamanians proceed to push for concessions from the United States. In September, 1961, Chiari announced his plans to push for more treaty revisions. He said changes should include more money since the United States was making enormous foreign aid payments to other countries. In October, Chiari said that a new treaty would have to be written which provided for a three times higher annuity and a fifty to ninety-five year time limit. Milton Eisenhower, after his visit to Panama, remarked that he could not understand how educated men (the leaders, he spoke to) could hold such unreasonable attitudes about the canal.¹⁶⁰

The difficult position of the leaders is also enhanced by the complexity of the present issues with the United States. Concessions are often economic maneuvers which are not appreciated

¹⁵⁹ Ibid., XIV (April, 1961), pp. 124-25.

¹⁶⁰ Milton S. Eisenhower, The Wine is Bitter: The United States and Latin America (Garden City: Doubleday and Company, Inc.: 1963), p. 61.

by the masses or even prove harmful to some elements. This was especially true of Eisenhower's Nine-Point program in April, 1960. The various points were expensive to the United States, but they simply did not impress most of the Panamanians. Too few were benefited. For most, the real issue, the one that can be understood by all, is sovereignty. This sovereignty issue has taken on an irrational persistence. In 1961, a committee of the Panamanian University faculty decided to write a "documentary" book which would give justification to the Panamanian demands. The book was to be distributed as a text in the secondary schools.¹⁶¹

¹⁶¹"Panama", HAR., XIV (July, 1961), 403.

X. THE FUTURE

Panama's future is not secure, nor particularly encouraging. But in the past few years there have been encouraging signs. One of the most significant was the announcement by President Johnson in October, 1965 that the United States would abrogate the 1903 treaty. The new treaty was to recognize Panama's sovereignty and increase the role of Panamanians in operating and administering the canal. This factor is still too recent to be fully evaluated.

The Alliance for Progress has helped to force reforms by the government. To comply with Alliance requirements, basic tax reforms were made and an Agrarian Code was passed. The Code provided for settlement of public lands, credit for farmers, technical assistance, and redistribution of unused land. In March, 1963, the first pilot program, involving 100 families, was carried out under the new code.¹⁶² Also, under the Alliance, funds were provided for the hiring of more teachers and increased teaching of vocational skills. The government is now operating under a five-year plan of development, and received almost \$40 million under the Alliance for the first year of the plan.

Great improvements have been made under the Institute

¹⁶²Ibid., XVI (May, 1963), 247.

de Fomento Economico (IFE). The IFE is an autonomous government agency which has been active in all areas of the economy. In 1957, the IFE got the Investment Incentive Law passed which encourages the development of natural resources. The agency also directs the Juntas Rurales, a small agency which rules on farmer's requests for credit. The IFE is working on plans to up-breed Panama's cattle, stimulate investment, and train more managers.¹⁶³

There are other encouraging signs. Approximately 35 percent of the government jobs have been placed on a civil service basis. The social security system is solvent and appears able to fulfill its functions. Private enterprise contributes to economic growth, also. The Panama Cement Company introduced a profit-sharing plan in 1961.¹⁶⁴ The Colon Free Zone, set up in 1948, has become a major enterprise doing a \$130 million business and employing over 1200 Panamanians.¹⁶⁵

There are also encouraging political signs. Fidelismo and Communism seem to be diminishing. Private and government action is effective. The active Fidelista Assemblywoman,

¹⁶³ "Report on Panama", Latin American Report, 14.

¹⁶⁴ "Panama", HAR., XIV (August, 1961), 497.

¹⁶⁵ "Report on Panama", Latin American Report, 24.

Thelma King, was not re-elected in 1964. Marcos Robles, President since 1964, has been active and continues to carry out reform policies and restore a goodwill policy towards the United States.

There is no doubt that Panama is now in a period of change. The increasing activism of the masses since 1945 and the indifference of the oligarchy were on a collision course. Since 1959, the collision seems more imminent and the United States can no longer be a safety valve or scapegoat for the tensions. It is a time of decision in Panama. Changes must be made, the key question is "by whom?".

Appendix I

Presidents of Panama

<u>Year Sworn In</u>	<u>President</u>	<u>Party</u>
1904	Dr. Manuel Amadeo Guerrero	Conservative
1908	Domingo de Obalidia	Conservative
1912	Dr. Belisario Porras	Conservative
1916	Ramon M. Valdez (died 1918)	Conservative
1918	Ciro L. Orriola	Conservative
1920	Ernesto Lefevre (died 1920)	Conservative
1920	Dr. Belisario Porras	Conservative
1924	Rodolfo Chiari	Liberal
1928	Florencio Harmodio Arosemena (Ousted by coup)	Liberal
1931	Ricardo J. Alfaro	Liberal
1932	Dr. Harmodio Arias	Doctrinary Liberal
1936	Dr. Juan Demostenes Arosemena (Died 1939)	National Revolutionary
1939	Dr. Augusto S. Boyd	National Revolutionary
1940	Dr. Arnulfo Arias (ousted by coup)	National Revolutionary
1946	Enrique Adolfo Jiminez	Liberal Democratic
1948	Domingo Diaz Arosemena (died in 1949)	United Liberal
1949	Dr. Daniel Chanis, Jr. (ousted)	
1949	Roberto Chiari (ousted)	
1949	Dr. Arnulfo Arias (ousted)	Authentic Revo- lutionary Party
1951	Alcibades Arosemena	

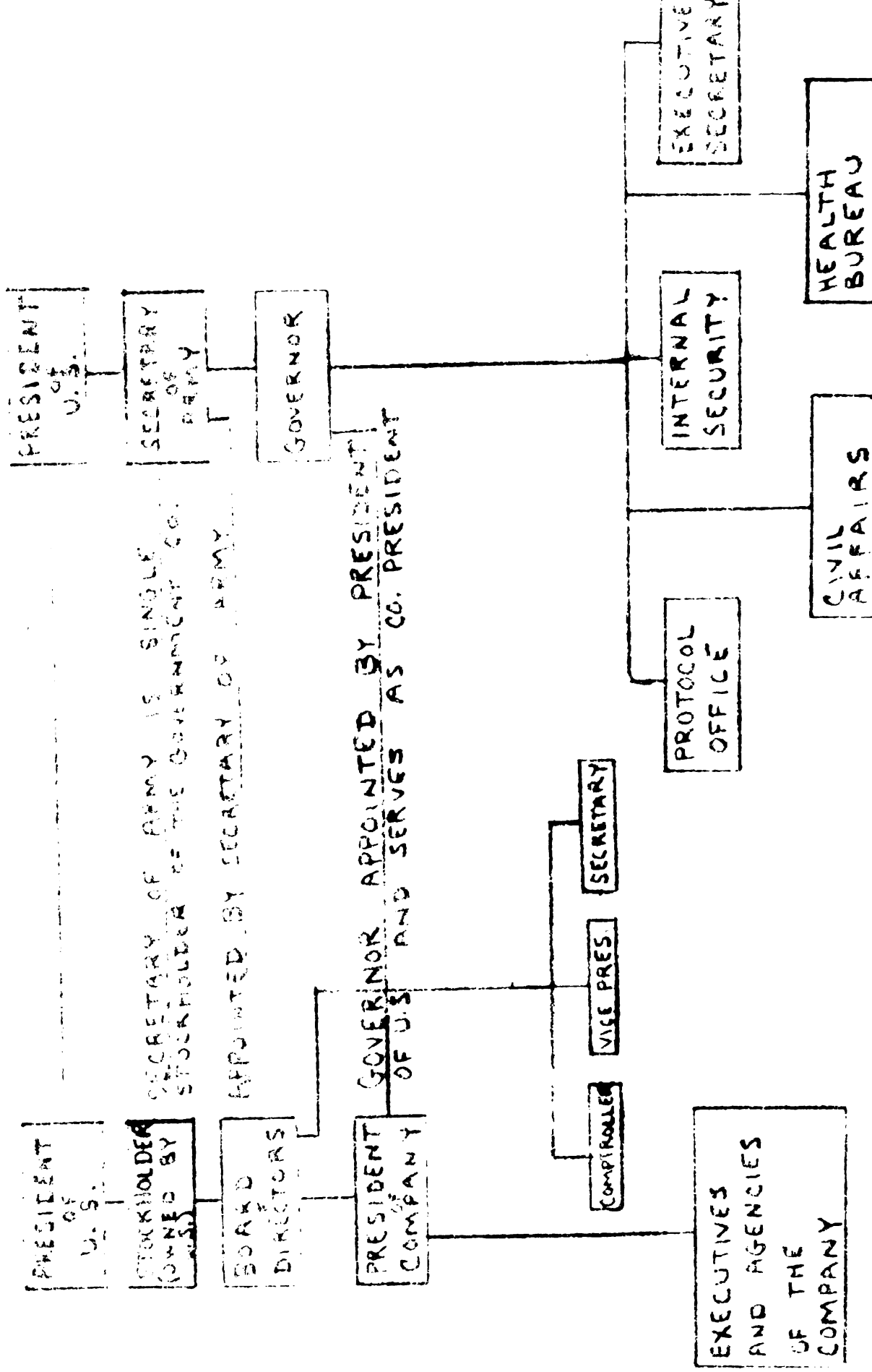
Appendix I

Presidents of Panama

<u>Year Sworn In</u>	<u>President</u>	<u>Party</u>
1952	Jose Antonio Remon Cantera (died in office)	National Revolutionary
1955	Ricardo M. Arias Espinosa	
1956	Ernesto de la Guardia, Jr.	National Coalition
1960	Roberto F. Chiari	National Op- position Union'
1964	Marco A. Robles	Liberal

CANAL ZONE COMPANY

CANAL ZONE GOVERNMENT



CANAL ZONE COMPANY - GOVERNMENT

APPENDIX II

BIBLIOGRAPHY

There is, at present, no definitive political or historical study of Panama. The most sound studies thus completed have concentrated on either the technical aspects of the Canal or on Panama's sociological structure. The most valuable document providing an overall view of Panama is that provided by a special study commission of the House of Representatives (Special Study Mission to Latin America: Peru, Ecuador, Colombia, Panama, Costa Rica. 88th Cong. 1st Sess., 1963).

Among the books, none can be singled out for thorough coverage on economics, politics, or history. Lawrence Ealy's The Republic of Panama in World Affairs, 1903-1950 is excellently done, but is rapidly becoming more out-dated as Panama responds to the Cold War. John Biesanz's book on Panamanian society, The People of Panama, is interesting and provides a good background for studying the politics of Panama.

There is no one serial or periodical article which can be regarded as a major study of Panama. The most useful serial was the monthly issues of the now defunct Hispanic American Report. This very thorough study provided a monthly compilation of major news items from all Latin American countries.

Government Documents

- U. S. House of Representatives, Committee on Foreign Affairs. Hearings before Subcommittee on Inter-American Affairs, U. S. Relations with Panama, 1960. 86th Cong., 2nd Sess., 1960.
- U. S. House of Representatives, Committee on Foreign Affairs. Special Study Mission to Latin America: Peru, Ecuador, Colombia, Panama, Costa Rica. 88th Cong., 1st Sess., 1963.
- United Nations, Economic and Social Council, Economic Commission for Latin America. Analysis and Projection of Economic Development, VII(E/CN. 12/494, April 15, 1959).

Serials

Christian Science Monitor. 1960-1965.

Detroit Free Press (April 17, 1966).

Hispanic American Report. (monthly), 1941-1965.

New York Times. 1946-1966.

Unity (Inter-American Information Bulletin, Rio de Janeiro).
IV (June, 1960).

Books

- Alexander, Robert J. Communism in Latin America. New Brunswick, N. J.: Rutgers University Press, 1957.
- Biesanz, John. The People of Panama. New York: Columbia University Press, 1956.
- Campbell, Carolyn S., and Hooper, Ofelia, "The Middle Class of Panama," La Clase Media En Panama, El Salvador, Honduras, y Nicaragua, ch. Theodore R. Crevanna. Washington: Union Panamericana, 1950.
- Dubois, Jules. Danger Over Panama. Indianapolis: Bobbs-Merrill Company, Inc., 1964.
- _____. Operation America: The Communist Conspiracy in Latin America. New York: Walker and Co., 1963.
- Ealy, Lawrence O. The Republic of Panama in World Affairs, 1903-1950. Philadelphia: University of Pennsylvania Press, 1951.
- Eisenhower, Milton S. The Wine is Bitter: The United States and Latin America. Garden City: Doubleday and Company, Inc.: 1963.
- Goethals, George W. Government of the Canal Zone. Princeton: Princeton University Press, 1915.
- Herring, Hubert. Good Neighbors Argentina, Brazil, Chile, and Seventeen other Countries. New Haven: Yale University Press, 1951.
- Martz, John D. Central America: The Crisis and the Challenge. Chapel Hill: The University of North Carolina Press, 1959.
- Monahan, James, and Gilmore, Kenneth O. The Great Deception: The Inside Story of How the Kremlin Took Over Cuba. Farrar, Straus, and Company, 1963.
- Rivero, Nicolas. Castro's Cuba: An American Dilemma. Washington: Luce, 1962.
- Szulc, Tad. The Winds of Revolution: Latin American Today — and Tomorrow. New York: Frederick A. Praegar, 1965.

Articles

- Armbrister, Trevor. "Panama: Why They Hate Us", The Saturday Evening Post (March 7, 1964), 75-79.
- "Baiting the U. S.: Now Panama Joins the Game", U. S. News and World Report (December 14, 1959), 41-43.
- Biesanz, John, and Smith, Luke M. "Panamanian Politics", Journal of Politics, XIV (August, 1952), 387-402.
- Busey, James L. "Conflict in Panama", New Leader (February 15, 1960), 16-19.
- "How Reds Inflamed Panama", U. S. News and World Report (February 10, 1964), 8.
- Hunter, Edward. "We're Asking For It in Panama", National Review (March 14, 1959), 583-84.
- "Inside Story of Panama Riots", U. S. News and World Report (March 30, 1964), 48-52.
- Lopez, Ricardo Vargas. "Trade Unionism in Panama's Banana Plantations", Free Labour World, VII (February, 1956), 30-34.
- Lopez, Ricardo Vargas. "Trade Unionism in Panama's Banana Plantations", Inter-American Labor Bulletin, VII (April, 1956), 5-6.
- Minger, Ralph E. "Panama, The Canal Zone, and Titular Sovereignty", Western Political Quarterly, XIV (June, 1961), 544-54.
- Minifie, J. M. "Another Satellite For Franco", The Reporter (December 20, 1949), 30-31.
- "New Communist Patterns in Latin America", Fortune (October, 1963), 102-07.
- "New Riots in Panama", The New Republic (November 28, 1964), 9-10.
- "Reds Export Cuban Revolution", Business Week (February 18, 1961), 61.

- "Reds With Arms and Cash Spreading Out From Cuba", U. S. News and World Report (March 11, 1963), 69.
- "Report on Panama", Latin-American Report, IV (September, 1961), 3-28.
- "Panama: Before the Storm", Newsweek (May 18, 1964), 54.
- "Panama: Bluffs, Pressures, Impasse", Newsweek (January 27, 1964), 45-46.
- "Panama Canal Troubles", The Economist (September 1, 1956), 724.
- "Panama: Dancer and a Dither", Newsweek (May 4, 1959), 48.
- "Panama: It's Up to Remon", Newsweek (October 13, 1952), 52.
- "Panama: Keep Out", Newsweek (May 11, 1959), 60-61.
- "Panama: La Vida Actual," Newsweek (June 11, 1951), 90-91.
- "Panama: Ousting Arias", Newsweek (May 21, 1951), 46.
- "Panama: Presidential Problems", Newsweek (May 15, 1950), 47-48.
- "Panama: Reorganization of the Trade Union Movement", World Free Trade Union Movement (January, 1952), 34-35.
- "Panama: Rule of the Whitetails", Time (February 14, 1964), 32.
- "Panama: The Mighty Fallen", Newsweek (June 4, 1951), 37.
- "Panama: The Time Bomb Explodes", Nation (January 27, 1965), 83-85.
- "Panama: Three Presidents", Newsweek (December 5, 1949), 38-39.
- "Panama: Today, Not Tomorrow", Time (October 13, 1952) 45.
- "Panama Welcomes Cooperation of Democratic Unions From Abroad", Inter-American Labour Bulletin, VI (August, 1955), I.
- Schmid, Peter, "Double Flags and Double Standards in Panama", Reporter (September 30, 1952), 17-20.
- Westerman, George W. "Gold vs. Silver Workers in the Canal Zone", Common Ground, VIII (Winter, 1948), 92-95.

"Who Really Owns Panama: A Source of U. S. Troubles", U. S. News and World Report (April 6, 1964), 64-65.