U.S. - PANAMA RELATIONS IN THE 1990'S:
DEVELOPING A POST-NORIEGA STRATEGY

BY

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8 MARCH 1990

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The United States' 20 December 1989 invasion of Panama marks a milestone in U.S.-Panama relations. The success of future U.S. policy toward Panama, however, will depend largely on our ability to break with our traditional ad hoc approach. Implementation of the Panama Canal treaties now requires the United States to come up with a ten-year plan on how to further its interests in a post-Noriega -- and post-2000 -- Panama. The time is fast approaching when we will no longer be able to depend on "Just Causes" to...
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U.S.-PANAMA RELATIONS IN THE 1990'S:
DEVELOPING A POST-NORIEGA STRATEGY

An Individual Study Project
Intended for Publication

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8 March 1990

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ABSTRACT

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TITLE: U.S.-Panama Relations in the 1990's:
Developing a Post-Noriega Strategy

FORMAT: Individual Study Project Intended for Publication

DATE: 8 March 1990 PAGES: 31 CLASSIFICATION: Unclassified

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INTRODUCTION

The United States has entered its tenth and perhaps final decade as the ultimate arbiter of Panama's affairs. If the two 1977 Panama Canal treaties are implemented on schedule, Panama will assume full responsibility for the Canal's operation and maintenance at noon on 31 December 1999. Also by this date, all U.S. military installations on the isthmus will have transferred to Panama, and all U.S. military forces will have departed. The impending 10-year transition had already promised to be difficult in view of the Canal's long substantive and emotional association with U.S. interests. This transition now has been further complicated by Operation "Just Cause," the United States' 20 December 1989 invasion of Panama.

Within the historic context of U.S.-Panamanian relations, "Just Cause" marked the culmination of the United States' pre-1977 Panama policy. Although the Canal treaties called for changes in the U.S. attitude and policy toward Panama, no such changes occurred. In fact, several years passed before we realized the Panamanian political system we had tolerated for 80 years in the name of stability no longer served our interests. The confrontation with General Manuel Antonio Noriega and the Panama Defense Forces (PDF) only clouded the issue, because Noriega simply personified the weakness of this longstanding U.S. policy. The roots of the United States' problems in Panama are much deeper. In removing Noriega and dismantling the institutions he established, "Just Cause" opened the
door for a new U.S. approach to Panama but in no way guaranteed we will not repeat past mistakes.

Should the treaties be implemented on schedule, future U.S. attempts to exert influence, from diplomatic pressure to military action, will prove increasingly costly in political, economic, and military terms. Ad hoc or short-term solutions to perceived threats may no longer be possible, let alone sufficient, as the U.S. presence draws down. For these reasons, the United States must develop a strategy for Panama that focuses on the long term. Before we can do this, however, we must acknowledge the changes in the U.S.-Panama relationship brought about by the Canal treaties and, now, "Just Cause."

UNCHANGING U.S. INTERESTS IN A CHANGING ENVIRONMENT

U.S. interests in Panama have not changed since 1903. Prior to the 1977 treaties, however, the United States did not need to worry about a long-term Panama strategy, because Panama was a virtual U.S. protectorate. Concern for Panamanian government went little further than its impact on Canal operations and the safety of U.S. citizens and property. Threats to those interests were generally met through the application of short-term remedies, ranging from economic and military assistance to implicit military threats. With the treaties, however, came the U.S. acknowledgment of full Panamanian sovereignty over its national territory. The framework of our relationship was thus changed: An informal colonial relationship...
was to become one of juridical equality, even if the treaties allowed 23 years for the complete transition.

The United States has been slow to deal with Panama within this new context. While our primary interests have remained constant, our pursuit of these interests needs to be reviewed. Before 1977, it appeared that the treaties were an end in themselves. And aside from a vague promise from Panama's then "maximum leader," Omar Torrijos, that Panama would democratize, little thought was given to any aspect of the U.S.-Panama relationship other than the Canal. Therefore, once the treaties were ratified in 1978, many considered the Panama issue resolved, and Panama was soon overshadowed by other regional challenges. Indeed, many statesmen in the hemisphere felt the Panama Canal issue had only served to distract us from more important Inter-American issues. As "Just Cause" has proved, however, our interests in Panama are still compelling and warrant greater consideration.

The Canal

From a strategic viewpoint, our primary national security interest has always been uninterrupted access to an efficient and secure Canal. Former President Jimmy Carter and his Joint Chiefs of Staff believed this access was better protected through dependence on a friendly Panama, whose stake in the Canal's smooth operation was vital, rather than on U.S. troops stationed in a hostile environment. Carter also saw the treaties as a way to improve general Latin American relations. As long as the Canal remained a
source of contention between Panama and the United States, any Latin states forced to choose sides would inevitably choose Panama's. Therefore, as long as U.S.-Panamanian relations were confrontational, we would find it difficult to improve ties with other states in the region. U.S. policy since 1977 has consistently maintained that the treaties are in our best interest.

The problem with making treaties that entail a 23-year implementation period, however, is that the world changes in the interim. Both global and Latin American political and economic dynamics are different now from what they were in 1977, and they will likely be different again in 1999. Although the principles upon which Carter justified the Canal treaties remain valid, his successors have inherited a commitment to conclude what was begun in 1977 while dealing with new regional challenges and shifting global priorities. There is a danger that such shifts in priorities could raise second thoughts about the relevance of treaties signed in 1977.

In addition, the treaties have never enjoyed overwhelming support. Even in 1978, after a year of heated debate and a massive education campaign by the Carter administration, the treaties passed the Senate by only one more vote than necessary. Today, opposition to turning the Canal over to Panama remains. It is thus conceivable that a groundswell of political and popular support to abrogate or renegotiate the treaties could arise as 1999 approaches. Aside from the Canal's tangible benefits, many in the United States assign to it an emotional importance as a symbol of U.S. status. Depending on developments in Panama and the rest of the region, it therefore may
become more difficult to uphold President Carter's contention that the treaties are in our best long-term interests. Increasingly, the importance we give the Canal is linked to, and possibly dependent on, our other interests in the region.

U.S. Military Bases

There are currently 13,600 U.S. military personnel permanently stationed among eight installations in Panama. It is possible that as U.S. withdrawal becomes a reality, the United States will wish to keep at least some military presence beyond the year 2000. In any case, the question of whether we can adequately protect our security and economic interests in Latin America without a military presence in Panama is likely to resurface. If we proceed on the assumption that U.S. troops will be out of Panama by 31 December 1999, we would be ignoring the possibility that a post-2000 U.S. military presence would bring benefits that would outweigh the cost of an effort to retain this presence. We must decide if such an effort is worthwhile and base our Panama strategy on this decision.

All troops stationed in Panama come under the umbrella of the U.S. Southern Command (SOUTHCOM), which is responsible for U.S. military affairs in Latin America south of Mexico. Although SOUTHCOM is headquartered in Panama, only half the Command -- contained in U.S. Army South -- is specifically designated to protect the Canal. In fact, because SOUTHCOM itself does not exist solely for the Canal's defense, its headquarters' existence in Panama is technically not justified by the Canal treaties (a point Noriega repeatedly
made). Plans to move SOUTHCOM's headquarters to the United States have been under way for some time as part of a "phased withdrawal." Although this move was scheduled to occur "well before" the expiration of the treaties, according to a SOUTHCOM spokesman last spring, the departure has probably been affected by both the protracted conflict with Noriega and the U.S. invasion of Panama. If the withdrawal had occurred during U.S. attempts to pressure Noriega from power, it might have given him a psychological boost. A withdrawal soon after the U.S. invasion might have negative repercussions in two ways: First, an early withdrawal could raise questions among the U.S. people about reducing our commitment after sacrificing U.S. lives. Second, with SOUTHCOM now so closely identified with Panama's rebuilding, its departure might not be practical.

Originally established to defend the Canal, U.S. bases in Panama have now surpassed this function and become a separate strategic asset and issue. From a security standpoint, these bases represent forward staging areas in a region that, because of the drug problem, low-intensity conflict, the debt issue, and the reduction in East-West tension, will require greater attention. One only need look at "Just Cause" and consider whether similar success could have been expected had not Howard Air Force Base been available or 16,000 troops already been on site. For the large number of business and banking enterprises that have been attracted to Panama, the U.S. military bases also serve as a guarantor of stability. Should a total departure of the U.S. military presence create doubt as to the
U.S. commitment to this stability, Panama's attraction as an investment and banking center could suffer. These are all issues the U.S. Government must address early this decade if it wishes either to compensate for the loss of these bases or begin the extremely sensitive undertaking to reach an agreement with Panama about a post-1999 U.S. military presence.

Panamanian Stability

Despite the substantial impact the transfer of the Canal and loss of military bases portends, official U.S. policy has remained consistent. It is this commitment, in fact, that has most likely intensified U.S. interest in the way Panama governs itself. On 30 June 1987, at the outset of the U.S.-Noriega confrontation, then-Assistant Secretary of State for Inter-American Affairs Elliott Abrams prefaced his remarks to the Washington World Affairs Council 6 by noting that "the commitment to the Canal Treaties is firm." He then outlined U.S. interests in Panama as centering around Panama's democratization, to include free elections, a free press, and apolitical military. This speech indicated how the emphasis on U.S. interests was changing. Whereas the United States had historically placed the efficient functioning of the Canal ahead of Panama's political development, as evidenced by the governments the United States had tolerated or helped maneuver into power, our continued commitment to the treaties now called for placing Panama's government in the forefront of U.S. interests. A democratic Panama became an important goal, for we have determined that only a democratic Panama
can provide the long-term stability necessary to guarantee the Canal's efficient operation.

Through our support of democracy in Panama, however, we are making yet another commitment. Having now invaded Panama at least in part to promote democracy, we must be prepared to accept the various possible outcomes. There is no guarantee a democratic system will produce governments consistently in sync with U.S. interests.

We have thus introduced a moral element into our Panama policy. In 1977, Senator Jacob Javits expressed the general attitude of treaty supporters when he noted that "it is not necessary to prove that Torrijos is an angel." Javits claimed the importance lay in whether the treaties were in the United States' interest, and he believed they were. In the years since Javits' remarks, however, we have discovered we can no longer divorce Panama's government from the Canal. Now and perhaps throughout the 1990's, it may be necessary to prove that whoever is running Panama is, in fact, an "angel."

**MUTUAL DISTRUST: OVERCOMING 86 YEARS OF U.S. PATRONAGE**

Since the treaties, U.S. and Panamanian interests have been largely compatible. In resolving the issue of Panamanian sovereignty, the treaties removed the one obstacle that precluded any chance of long-term cooperation between the two countries. Both now seek a stable and economically prosperous Panama and, despite Panama's 21-year (1968-89) experience with military autocracy,
profess belief in democracy. The major challenge to the U.S.-Panama relationship since the treaties has not been divergent interests; it has been distrust. After nearly a century of protecting its own interests in Panama, the United States may be reluctant to transfer that responsibility to Panama. Similarly, after a century of enduring heavy U.S. influence in their affairs, many Panamanians doubt the U.S. willingness to follow through on its treaty commitments. Some Panamanians believe the isthmus is too important to the United States for it to leave. Reducing these misgivings over the next ten years would contribute greatly toward forging a long-term cooperative relationship.

This will be not be easy, however. From Panama's independence to the recent U.S. invasion, the U.S. view of its role in Panama has been that of patron and keeper of the Canal. Thus far, the treaties have done little to change this. The obstacles this 86-year-old attitude poses, however, are self-perpetuating: as long as the United States sees itself as de facto sovereign over the Canal, it will attempt to mold Panama's political infrastructure in its best interests. In turn, as long as the United States exerts influence on the Panamanian political infrastructure, the issue of legitimacy will haunt the Panamanian political process. The result thus far has been a weak Panamanian political infrastructure that the United States continuously deems necessary to fine tune. Thus, the cycle is repeated "in perpetuity." As the United States and Panama face the 1990's and the aftermath of "Just Cause," both countries must confront these ingrained U.S. attitudes and undeveloped Panamanian
political infrastructure. These are the primary obstacles that lie in the way of both rebuilding Panama and safeguarding long-term U.S. and Panamanian interests.

The U.S. Legacy

In 1904, when President William Howard Taft referred to Panama as "a kind of Opera Bouffe republic and nation," he essentially set the tone for the next 85 years of U.S. policy. Even today, the first (and sometimes only) thing most North Americans learn about Panama is that Teddy Roosevelt "invented" the country so he could build a canal through it. Such a simplistic view belittles Panamanian nationalism, which existed long before Teddy Roosevelt, and attaches an artificial label to the country. As a result, the United States historically has had a difficult time taking Panama seriously. Although Panama gained independence in 1903, U.S. representation there was not raised to embassy status until 1938. And 13 years after the Panama Canal treaties of 1977, vestiges of this patronizing attitude remain.

Much of this attitude stems from the 1903 Hay-Bunau-Varilla Treaty, which gave the United States tremendous influence, if not outright authority, over Panama's economy, immigration, city services, and foreign policy. In 1904, Panama's currency was then tied to the U.S. dollar. The 1903 treaty not only gave the United States use of the Canal and a five-mile-wide zone on either side, but provided for the United States to occupy any lands outside this zone it deemed necessary. In sum, the 1903 Treaty had profound political repercussions that continue to affect the prospects for cooperative
U.S.-Panamanian relations.

With order and Canal safety our overriding concerns, we wanted cooperative Panamanian regimes. To this end, we accepted election fraud (1908, 1948, 1984) and coups (1931, 1941, 1949, 1968). Until Noriega, in fact, the goal of democratic process had been subordinated to the larger U.S. interest of maintaining order. Ironically -- in light of recent events -- even the use of U.S. troops has been viewed as destabilizing. "Just Cause" constituted the first time the U.S. military was used to influence Panamanian politics directly in almost 70 years. A further irony is that the United States bequeathed the burden of policing Panamanian politics to the Panamanian National Guard. Following the U.S. decision not to use troops in quashing a 1931 coup, the Guard, with U.S. encouragement, began to fill the void of political power broker and keeper of the peace. In the 20 years that followed, the Guard evolved into a powerful political entity in its own right. By 1968, it had become the most powerful political institution in the country.

The 1977 treaties did not slow down U.S. attempts to influence Panamanian politics or greatly affect U.S. attitudes toward Panamanian self-determination. They in fact helped to promote the the National Guard's legitimacy. First, the terms of the treaties included $50 million in U.S. military assistance to the Guard over a 10-year period. More significant, however, was that the treaties helped define the Guard as the voice of the Panamanian Government in dealing with the United States. The treaties placed the most important bilateral issue -- treaty implementation -- in the hands of
a combined military board comprising U.S. and Panamanian military officers. This gave the Guard a virtual monopoly on conducting foreign and defense policy with the United States. This monopoly resulted in enormous leverage on both the United States and Panamanian political process.

On the civilian side, the AFL-CIO continues to have interests in Panama by virtue of the U.S. workers who remain in the former Canal Zone. In 1984, for instance, the union donated $20,000 (allegedly originating from the National Endowment for Democracy) to Noriega's handpicked presidential candidate, Nicky Barletta. The union presumably considered Barletta less a threat to democracy than his opponent and three-time president, Arnulfo Arias Madrid. Even more recently, according to The Washington Post, U.S. Government officials spent the last year discussing detailed proposals for changing Panama's constitution, judiciary, civil administration, and tax system in the event of Noriega's ouster. Thus, it does not appear the end of direct U.S. involvement in Panamanian politics is at hand.

Another latent danger to the future U.S.-Panamanian relationship is the historic influence of U.S. domestic politics on Panamanian issues. The existence of a U.S. enclave -- the Canal Zone -- in a foreign country is going to result in the involvement of U.S. institutions and interest groups not normally associated with foreign policy. In Panama, even those U.S. Presidents -- FDR, Johnson, Ford, and Carter -- who favored concessions or conciliatory policies have faced formidable opposition from groups ranging from shippers and
labor unions to the Zonians themselves. The subsequent influence these groups wield on Congress and other elected officials can cause Panama to be viewed more from a special interests rather than foreign policy perspective.

Politicians themselves have used the Panama issue for domestic political purposes. After an incident at the U.S. Canal Zone high school in 1964 led to serious riots, President Lyndon Johnson was advised that making concessions to Panama would give the Republicans their "first real solid muscled hit at the Administration" and create a "ready-made 'wrap us in the flag' situation." During the 1977 treaties debate, according to President Carter, the archconservatives in the Republican Party saw the controversy as a way to capture control of the Republican Party, especially as early polls showed 78% of the U.S. people against "giving up" the Canal and only 8% in favor. Even as recent as the 1988 election campaign, Panama was placed on a backburner because of the potential danger revelations of a Noriega-Bush relationship could pose to the Bush campaign. Moreover, the administration did not want any problem in Panama to distract attention from the campaign, even though Governor Dukakis tried to make Noriega an issue. With such precedents, it is conceivable that U.S. domestic or electoral considerations in the 1990's could overshadow larger strategic interests and affect U.S. policy once again. The "war" on drugs is one such possibility.

Panamanian Political Culture

Equally important to the future U.S.-Panama relationship,
however, is Panamanian political culture, whose history does not bode well. Nominal democratic institutions and processes have existed in Panama from the beginning, but Panamanians themselves have traditionally opted for personal, charismatic leadership rather than cohesive party systems. Such a tendency has occasionally resulted, as in the case of Arnulfo Arias Madrid, in a democratically elected leader who is not entirely dedicated to democratic ideals. A second troublesome aspect of Panamanian politics is explained by the popular phrase of "He who counts, elects." Few elections in Panama's history have been fraud-free. Viewed in this light, the current U.S. emphasis on "democracy" as a solution to Panama's political woes contains certain pitfalls.

Until 20 December 1989, Panama's political history had been guided by three forces: the oligarchy, the military, and Arnulfo Arias. Their influences will be found in any post-Noriega political environment.

The oligarchy descended largely from Panama's founding fathers and was the benefactor of early U.S. political support. Largely Caucasian, urban, and familial-based, the wealthy businessmen and landowners who comprised the oligarchy supported the status quo and thus attracted support from a U.S. Government that wanted little more than the maintenance of order. Although this group eventually split into various liberal and conservative factions, no faction seriously addressed itself to social or economic issues outside the major cities of Panama City and Colon. Nor did any faction pose a challenge to U.S. authority. Although the oligarchy's political
supremacy began to wane with the rise of the military and Arnulfo Arias in the 1930's, it remained a dominant political force until 1968 and continues to wield influence, largely through its economic weight. The oligarchy's problems have centered on legitimacy and political constituency; its record of focusing on the interests of the elite and its association with the United States make it difficult for the Panamanian people to accept parties or individuals they perceive as representing this group. Nevertheless, because wealth is often a prerequisite for mounting election campaigns in a democracy, the descendants of the oligarchy will likely continue to play an important political role.

The Panamanian military -- whether called the Public Force, National Guard, or Panama Defense Forces -- has been influential throughout Panama's history. Unlike many other Latin American militaries, however, Panama's has maintained no permanent links with ideologies or political factions. Under Jose "Chichi" Remon in 1947 and later under Torrijos and Noriega, the Panamanian military was a de facto political organization. Departing from the stereotype of the right-wing Latin American military regime, Panamanian military regimes have often served as an alternative to oligarchic rule and have attracted support from among the poorer elements of Panamanian society. The principles or ideologies Panamanian military regimes have espoused have for the most part reflected the philosophy of whoever happened to head the military at the time. In addition, the Panamanian military has no history of subordination to civilian authority.
As early as 1904, Panamanian founding father Dr. Manuel Amador Guerrero referred to the Panamanian Army of 250 men as a "Frankenstein" and claimed that only the United States could control it. With the National Guard’s first military coup in 1941 (toppling Arnulfo Arias) and gradual ascension to the presidency of "Chichi" Remon in 1947, it consolidated its position as the "guardian of order." Civilian governments and democratic processes remained in place, however, and the military did not achieve a monopoly on Panamanian political leadership until another military coup (again overthrowing the unlucky Arias) brought Torrijos to power in 1968. Between October 1968 and December 1989, the military had a stranglehold on Panamanian politics.

Although charges of involvement in the drug trade and other illegal activities have been levied against the Panamanian military since at least Remon’s era, the Panamanian military has often initiated popular social and economic reform programs at home. For example, during his tenure in the 1950’s, Remon equalized the tax structure, raised the status of blacks, and accelerated agricultural and industrial production. Similarly, Torrijos’ charismatic leadership and civic action and social reform programs made him one of Panama’s most popular leaders until the global recession in the late 1970’s began to highlight the weaknesses of his economic policies. Even Noriega maintained pockets of support in poor areas where he continued programs Torrijos had initiated.

Whether the Panamanian military acted out of genuine concern for social issues or pragmatism, the fact remains that it found support
among a large segment of the population (poor, blacks, immigrants) that had been ignored or alienated by the other political entities. Under Remon and Torrijos, efficiency was associated more with the military than with civilian leaders. Furthermore, aside from the last few years of the Noriega regime, the military has also enjoyed a degree of political legitimacy by simply capitalizing on the failings of the political alternatives. Despite attempts to limit the political role of the military following Noriega's departure, should large segments of the population become disenchanted -- democratic society or not -- there is no guarantee people will not look to a police force for solutions, particularly once U.S. troops depart.

The third political influence likely to reemerge is the legacy of Arnulfo Arias Madrid. The Harvard-educated Arias, who was elected president three times (1941, 1948, and 1968) and was likely denied a fourth election through fraud (1984), influenced Panamanian political development more than any other individual. He and his brother, Harmodio, provided the Panamanian middle class with its first political voice and established a nationalistic and anti-Yankee party in the 1920's that served as an alternative to the irresponsible and increasingly ineffective oligarchy. In creating the concept of "Panamenismo," Arias combined social change with nationalism and gave political meaning to the Panamanian identity.

Arias was not a Jeffersonian democrat. His populism was tainted by fascism and racism (particularly in the 1940's) that put him at odds with the United States and other elements of Panamanian society. He persecuted Chinese, Jewish, and Indian businessmen and
proposed deporting all West Indians to "purify" Panamanian bloodlines. These policies and Arias' less than subtle attempts to curb the power of the Panamanian military doomed any sustained political tenure. Three times elected, he was three times deposed through coups, each within two years of his assuming office. He remained popular among the Panamanian masses, however, as illustrated through his many political resurrections. At his death in August 1983 at age 86, he was still the most popular Panamanian political figure, which was not exactly a testament to Noriega's younger political opposition. Arias' funeral drew tens of thousands, considerably more than Torrijos' 1981 funeral. Even the Noriega-controlled newspaper, *Critica*, which was staunchly anti-Arias, noted his "unequalled popularity."

Arias and his charisma are gone, but the concept of Panamenismo is not. Although Arias designated no political heir, his influence can be seen in current President Guillermo Endara Galimany. Endara was selected to oppose Noriega's presidential candidate in the May 1989 elections solely because of his former position as Arias' spokesman, a strategy Noriega tried to counter by creating a split in Arias' Panamenista Party and declaring it illegal for Endara to use that party's name or symbol. As Panama attempts to rebuild, many of the nationalistic precepts Arias espoused will probably resurface. It is also likely that whoever takes up the "Panamenismo" banner will have substantial popular support and be highly suspicious of U.S. intentions.

It is difficult to predict exactly how Panamanian political lines
will be drawn in the wake of "Just Cause." In addition to the three political influences discussed above, the future roles of such diverse forces as the Catholic Church and student population should be considered. Although the Church traditionally has played much less a political role in Panama than it has in other Central American states, it may emerge as a mediator in a post-Noriega society. As for the students, the University of Panama and Panama City's numerous secondary schools have a history of political activism -- largely antimilitary and/or antigringo. Although Noriega successfully neutralized this force by virtually shutting down the university, the middle and working class students who comprise these students could serve as a base for a new Panamenista movement or other "radical" movement as enrollment returns to normal. All these influences, if allowed to flourish under a democracy, will result in a broad political landscape. Thus, those in charge of U.S. policy must be prepared to deal with a variety of political scenarios.

**IMPLICATIONS OF "JUST CAUSE"**

From a strategic perspective, "Just Cause" did not resolve Panama's problems as much as provide the opportunity to address them. In removing Noriega and, more importantly, in dismantling the institutions he established, the United States finally accepted responsibility for reversing 85 years of policies that subordinated the question of how Panama is governed to the Canal's security. At the same time, however, the United States has heightened its
commitment as its treaty obligations indicate its direct influence should be waning. Much of the success of a post-Noriega strategy will depend on our balancing these seemingly contradictory commitments.

The Quest for Legitimacy

The foremost political challenge the new Panamanian Government faces is legitimacy. Although Endara is widely acknowledged as the winner of last May's annulled election, his legitimacy has come into question. Part of the problem centers on the conditions under which he assumed office. A second factor is the nature of last May's election, which was treated by most Panamanians as a rejection of Noriega rather than a mandate for Endara.

This questionable legitimacy places Endara and his government in an awkward position. Having now been denied election twice -- 1984 and 1989 -- through fraud, the coalition of parties (Authentic Panamenistas, Christian Democrats, MOLIRENA) forming the current government must believe it has earned legitimacy. In reality, however, if Endara wishes to be viewed as more than the head of a provisional government, he must avoid actions that enhance any image of him as another U.S. nabob. Thus, he has tried to distance himself from the United States. He has stated he would not have consented to the U.S. invasion had he been consulted, and his government has reaffirmed it will not renegotiate with the United States on ceding Panamanian territory (i.e., base rights). He must continue to appear in the vanguard on the issue of Panamanian sovereignty.
The U.S. invasion also tarnished Endara's image abroad, but the damage does not appear to be irreparable. Despite the OAS and UN condemnations of the U.S. invasion, most Latin American states have recognized or are on their way to recognizing the Endara government. Most of the region, including the OAS, condemned the annulment of Endara's apparent victory last May. But many countries have had difficulty swallowing the image of Endara and his vice presidents seeking shelter on a U.S. military base as their country was being invaded. Nevertheless, if Endara is able to consolidate his government and the support of the Panamanian people, the legitimacy issue, at least abroad, should dissipate.

The new government's domestic challenges are much more serious. The political opposition has already begun to organize, and other traditional Panamanian political forces are making themselves noticed.

The Democratic Revolutionary Party (PRD), used by Torrijos and Noriega as a civilian front for their respective regimes, is politically experienced and cohesive. It is comprised of many former cabinet officials who served under Noriega, including Foreign Minister Jorge Ritter and Treasury Minister Mario Rognoni. In their first news conference since the invasion, PRD leaders continued to focus on the illegitimacy of Endara's government but also signaled a willingness to work as the "democratic opposition." Although many see the PRD as a party of opportunists, it could be this characteristic that makes them such a potent threat. Should discontent with the Endara government begin to emerge, the PRD would

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not be above exploiting dissatisfaction within the new Public Force as well as other political groups, including communists, students, and fringe parties, to create a formidable opposition coalition. The reemergence of "Torrijismo," a blend of populism and nationalism established by Torrijos but kept under control by Noriega, would be a possible rallying point as the PRD strives to portray itself as the party of the masses and Endara's government as the new oligarchy and U.S. tool.

Even within his own coalition, Endara faces potential threats. His "Democratic Government of National Reconstruction and Reconciliation" emerged from a three-party coalition that was formed to provide a viable alternative to military rule. It was this necessity, rather than common political agendas, that caused these parties to come together. Now that their unifying force -- Noriega -- is gone, Panama's history of fractious politics looms ominously.

Because Panama's new government is little more than an executive branch at this point, the development of Panamanian democracy rests largely on the president and two vice presidents who head this government. Endara, as noted earlier, is untested as a leader. His second vice president, Guillermo "Billy" Ford, is perhaps the most charismatic of the three senior executives but is primarily a businessman with little political experience prior to his selection on the ticket for last May's election. The most politically astute of the three, by far, is First Vice President Ricardo Arias Calderon, who also heads Panama's Christian Democratic Party. Arias is doubling as the Government and Justice minister, which is arguably
the most important cabinet position in the new government. In addition to building a judiciary virtually from scratch, Arias must now oversee many of the functions previously controlled by the PDF, including immigration and the Department of Internal Investigations. Arias will be the key to the new government, not only in how he performs his duties but in how he keeps his and his party's ambitions in check.

As for the new incarnation of the Panamanian military, it is unclear whether any Panamanian armed force -- military or police -- will remain content in an apolitical role under civilian authority. With the military having served as political arbiter for almost 60 years, the former PDF members who now comprise the bulk of the new Public Force might not readily accept their sudden loss of influence. Despite limitations placed on the Public Force, writing it off as a political threat is premature. The support of any lawful armed group, no matter how small, is required for a government to maintain legitimacy and security. With no history of subservience to civilian rule, the military/police might not fully appreciate the concept of neutrality once political opposition groups begin offering deals. The civilian authority, for its part, will need to prevent the Public Force from ever reaching a position where it could be viewed as the political savior of the country.

The government has already taken steps in this direction. In addition to disbanding the PDF and placing former PDF units under jurisdiction of the Government and Justice Ministry, the term of the new Public Force commander is now limited to two years, and mandatory
retirement after 25 total years of service will be enforced. The key to these new restrictions, however, will be Arias Calderon's ability to enforce his authority, particularly once U.S. troops no longer serve as the PDF's conscience.

The size of the new Public Force has also become a topic of debate. With Panama's assuming control of the Canal in ten years, one argument holds that a military limited strictly to a police function similar to the Costa Rican model would not be adequate to defend the Canal. The subsequent argument is that this would entice the United States to attempt to maintain a military presence past the year 2000 in order to fill the void. On the other hand, the United States has already established that its own troops could not guarantee the Canal's defense against a determined attack. Even Torrijos alleged that all Panama would need to guard the Canal would be 200-300 "bilingual policemen" backed by the U.S. strategic umbrella from bases located outside Panama. In the end, the eventual size of Panama's military will depend largely on the nature of the security relationship Panama wishes to maintain with the United States. Regardless, the decision will be Panama's, not the United States'.

Reconstruction

Panama was once one of Latin America's healthiest economy's. Its prolonged political crisis and almost two years of U.S. sanctions, however, greatly aggravated conditions that were already undermining economic growth. The United States' release of $444 million in
frozen Canal revenues in addition to the $500-million supplemental aid program announced by President Bush should provide a helpful boost to a service economy marked by 25% unemployment, massive capital flight, and a GNP that plummeted 22% in 1988 alone. Nevertheless, the future of Panama's economy, and hence political evolution, will be significantly affected by the emerging battle over public vs. private sector economic control.

When Torrijos assumed power in 1968, he had hoped to address Panama's economic disparity through increased government involvement. He thus transferred investment from domestic private enterprise to the state, significantly weakening the private sector. He then hoped to finance public spending through foreign exchange attracted by an environment relatively free of regulations and taxes. The result was an economy based on a high level of public spending financed by external borrowing and Panama's emergence as a financial center.

Torrijos' economic model was hurt badly by the 1982 Latin American debt crisis. Panama's international banking center began losing deposits ($49 billion to $39 billion between 1982 and 1987), and the economy in general found itself without new sources of growth. Although the Noriega government made some public sector structural adjustments beginning in 1984, it failed to address an inflated government workforce loaded with sinecures. Equally significant, payments to the social security system became grossly insufficient. In fact, it is alleged that the PDF regularly stole from the national coffers, including the social security fund.
Thus, at the outset of political unrest in June 1987, the private sector as well as large numbers of the lower and middle classes had an added incentive to oppose Noriega's regime. Now that this opposition is in power, the changes in the management of Panama's economy will be dramatic.

The initial indications are that Panama will shift drastically to privatization. Second Vice President and Economy and Planning Minister Guillermo Ford has announced that 100% of the reconstruction effort will be directed at the private sector and that the government will privatize all enterprises, including Canal ports, through public bids. He also announced that the private sector will control the social fund through civic groups such as the Kiwanis and Rotary Clubs. The reaction to 21 years of public sector control of the economy and the accompanying corruption has been intense.

The political and economic impacts of such a drastic change in philosophy will be difficult to judge, particularly given factors such as the influx of U.S. money and the challenge of reconstruction. Endara still faces the task of building a broad base of support among the labor sector and lower classes, which harbor a historical distrust toward those currently in power. He also faces a large problem in what to do with the bloated government workforce he wishes to reduce. Given Panama's history, many may eventually see the issue of private vs. public control of the economy as a sequel to the old battle between the oligarchy and "Torrijismo." The Endara government must prove itself socially responsible and sensitive to the needs of all Panamanian classes.
Otherwise, pressure may again mount for a new, more responsive government.

The U.S. Role

"Just Cause" has provided the United States a chance to attempt what may be the impossible: the establishment of a Panamanian representative democracy that will produce governments continuously inclined to act in our best interests. It appears we will accept nothing less than a government that is democratic, stable, and cooperative.

This is a tall order. By embarking on what we call "nationbuilding," a presumptuous term that implies Panamanians do not currently merit nation status, we may only be guaranteeing continuous U.S. involvement until our notion of "success" is achieved. This, in turn, sets the stage for future bilateral confrontation as Panamanians wilt under U.S. expectations. Thus, the most difficult decision we face in Panama over the next ten years is not how much to increase our help, but when to withdraw it.

Still, having invaded Panama, the United States is obligated to help with its economic and political reconstruction. In our eagerness, however, we must realize that in the end, Panamanians -- not North Americans -- will decide Panama's future. This was one of the primary objectives of the Panama invasion. Therefore, while we should take advantage of the opportunity to exert our influence, we do not want to repeat past mistakes through overcommitment and too much control.
The United States must first respect the new government's position by not forcing it into a corner on treaty issues. Statements such as those by former Canal Administrator and SOUTHCOM Commander Dennis McAuliffe in January 1990 implying that a new treaty might be in order to allow for a post-2000 U.S. presence could, given today's political climate, work against any such goal. Now more than ever, it is essential that the United States create no doubt as to its intentions on honoring all treaty commitments. Should it become clear that a continued U.S. military presence after the year 2000 is in both countries' interests, discussions could be held at the appropriate time. To raise the issue publicly now, however, would only further jeopardize Endara's legitimacy.

Second, the United States must maintain contact with all Panamanian political elements and gradually withdraw explicit support for any one political entity. Part of the failure of past U.S. policy has been the tendency to become too firmly associated with one political group. This has restricted the flexibility and objectivity of our policy, alienated domestic opposition, and automatically made an issue of the legitimacy of the political element we supported.

Much of the disunity some observers attributed to U.S. policymaking during the two-year Noriega conflict might be attributed to this tendency. The U.S.-Panamanian military relationship was so entrenched that several U.S. Government entities, including the military, found it difficult to adjust following the State Department's relatively sudden shift to an anti-PDF stance in 1986. It had long been acknowledged (and accepted) that the PDF
ran the country; thus, most U.S. equities lay with the PDF. Yet, once the pendulum shifted and we became firmly identified as backers of Noriega's opposition, U.S. policy cut off all working level contacts with regime officials, thereby tying the opposition to the United States and precluding chances of at least tacit understanding between the United States and groups that now form Panama's political opposition. Therefore, the United States should begin to establish ties among broad sectors of the Panamanian populace and to transfer its commitment from the Endara government to the broader concept of democratic development.

Third, the United States should not confuse the euphoria Panamanians have expressed at Noriega's removal with a new mandate to referee Panamanian affairs. U.S. military leaders have referred to the invasion as a "one-of-a-kind war" that is now entering its most uncertain stage: that of transferring control of the country's security to Panamanian elements. Once this change is effected, the United States should begin finding ways not to help. In an interview before last May's election, Endara himself said that "if the United States invades Panama, it will find a people who would welcome it with open arms out of sheer frustration or desperation... but 30 days later they would be throwing stones at U.S. soldiers and telling them gringo go home." The first stone may have been thrown on 2 March 1990. It was in the form of a hand grenade tossed into a Panama City disco frequented by U.S. servicemen. One soldier died and 16 were injured.
CONCLUSION

The course of U.S. policy following "Just Cause" will determine if the invasion was just another short-term U.S. solution or an inevitable step toward realizing a Panama with which the United States can deal out of mutual respect. The challenge we face over the next decade lies in knowing how and how not to use the substantial influence that accompanies 86 years of close historical ties. We must also realize, however, that as 31 December 1999 approaches, the nature of this influence will change. It will be based more on similar interests and values than on the existence of U.S. military bases running through the middle of the country. Although there is general agreement that the U.S.-Panama relationship is at a crossroads, there needs to be greater understanding of the past and future influences on our relationship if the United States wishes to develop a policy that matches substance to rhetoric.

If there is long-term thinking on Panama, it currently appears to be limited to those who see Noriega's ouster as a chance to maintain a U.S. military presence after the year 2000. Such an approach reflects the old U.S. patronizing attitude toward Panama not only in its apparent disregard of Panama's interests but in the assumption that Panamanian civilian leaders would (or could) be less rigid on sovereignty than someone like Noriega. The problem is that as we unilaterally look for treaty loopholes and interpretations to permit us to maintain a presence, we needlessly view Panama as a potential adversary. We also treat Panama on unequal terms, for we imply we
can unilaterally enforce our interpretations.

This is not to say the United States should not attempt to maintain a military presence or otherwise pursue its interests in Panama when the treaties expire. We must simply realize we will no longer be able to do so without Panama's consent. Panama's recently liberated press has already begun calling for SOUTHCOM's departure, and as the euphoria over Noriega's downfall fades, these calls are likely to become louder and more frequent. If we see a post-2000 presence in our best interest, we will have to lay the groundwork now for proving that such a presence will be in Panama's best interest as well. Diplomacy, rather than threats or bribes, is how such work is done.

Much has been made of the morality and legality of the U.S. intervention in Panama. The invasion is a fait accompli, however, and the morality of our Panama strategy is now tied to whether we can help achieve a better state of the peace -- the only "moral" goal of any military action. We have deemed it in our interest to provide a country with a chance to govern itself, a decision that required the sacrifice of both Panamanian and U.S. lives. The real meaning of this sacrifice, as well as the final verdict on "Just Cause," lies in the course of the next few years.
ENDNOTES


8. Ibid., p. 50.

9. Ibid., p. 91.

10. Ibid., p. 69.


13. LaFeber, p. 143.


15. LaFeber, p. 166.

16. Ibid., p. 48.

17. Ibid., p. 113.

18. Ibid., p. 96.


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