POST NORIEGA PANAMA: A RECOMMENDED POLICY APPROACH

BY

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Post Noriega Panama: A Recommended U.S. Policy Approach

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As the final decade of the Panama Canal Carter-Torrijos Treaties begins, the new government of Panama faces many difficulties. Most of these difficulties were brought on by the corrupt Noriega regime. The root causes of the repressive Noriega dictatorship date back to the beginning of Panama. This study will start with a review of U.S. involvement from the beginning of the Republic of Panama through to the present democratic government. The scope of
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POST NORIEGA PANAMA: A RECOMMENDED U.S. POLICY APPROACH

INTRODUCTION

The United States of America has been involved in Panama for nearly 150 years. During all this time economic, political, and military ties linked the peoples, organizations, and institutions of the two countries. Has the linkage of the United States with Panama been only a marriage of necessity and convenience? Has a definite policy of the United States been followed not only to promote U.S. interests but also develop Panama democratically? Is it necessary now to define a new policy toward Panama while aiding the Panamanian recovery from the repressive rule of General Noriega? After reviewing the confused process that has taken place so far, this study attempts to answer these questions by outlining a cohesive, long-term U.S. policy approach for Panama.
CHAPTER I
THE HISTORY OF U.S. INVOLVEMENT IN PANAMA

Superficially, one might say that the Noriega situation has been resolved. Deeper study, however, reveals continuing underlying problems within Panama. These challenges led to the repressive rule of Noriega and may lead to another Noriega-like regime if not resolved. These problems must be addressed and now would be a good time to start. First, however, a review of U.S. involvement within Panama beginning with the construction of the Panama Canal would be helpful in understanding how the United States got to its present difficult position in Panama.

Because this narrow isthmus promised to cut time and expense from oceanic travel, New York railroad developers envisioned a beneficial link across the isthmus. The Panama Railroad, completed in 1855, started the flow of prosperity into Panama.1

This single method of transportation across the narrow isthmus did not satisfy commercial interests. As a result the French diplomat, engineer, and entrepreneur de Lesseps, in 1878, gained the concession from Colombia to build a canal generally along the railroad route. However, twelve long years later financial ruin and political scandal thwarted de Lesseps' success.2

Following the Spanish-American War, President Theodore Roosevelt attempted to deal with Colombia through the Hay-Herran Treaty to obtain a canal site across the isthmus. The Colombian Senate unanimously rejected this treaty in 1903, causing Roosevelt to support Panamanian separatists. He deployed naval vessels on
both sides of the isthmus to discourage Colombian forces attempting to quell the Panamanian coup. Since Panamanians had attempted to achieve independence in no less than 57 uprisings in the previous 56 years, it would appear that Roosevelt was only aiding an inevitable event.

The 1903 Hay-Bunau-Varilla Treaty granted the United States the right to construct a canal on a ten-mile wide strip of land. It granted the U.S. sovereign rights to operate, control, and defend this property "in perpetuity." The new Republic of Panama, now a protectorate of the United States, received a $10 million payment for those rights. An annual payment of $250,000 was initiated in 1912 to compensate Panama for the railroad's lost revenue. The United States also paid $40 million for the rights and properties of the defunct French canal company. In addition, the United States went to great expense ($162 million) to acquire an undisputed title to the land within the Canal Zone. This payment alone made it the most expensive of all American territorial purchases.

President Roosevelt's policy promised, "The United States will never interfere in Panama save to give her our aid in attainment of her future." A warning to promote civilized behavior followed. "Progress and prosperity . . . can come only through the realization of those out of power that the insurrectionary habit, the habit of civil war, ultimately means the destruction of the Republic." Therefore, Roosevelt maintained active U.S. military control of the Canal.

Completion of the Panama Canal in 1914 thrust the United
States into the international arena. Our developing country now could become a true maritime power with a vested interest in the unchallenged right of passage throughout the Caribbean and the entire Gulf of Mexico.\textsuperscript{10}

While some have questioned the motives of the United States for building the Canal, one must not forget that Americans built it through forward looking leadership, economic capability, and engineering expertise while conquering the scourges of malaria, yellow fever, and cholera. All these combined aspects brought great opportunity to Panama from the very beginning. However, many Panamanians desired more than opportunity. Many Panamanians demanded direct economic benefits from the United States eventually causing the U.S. leaders to make concessions.

The first step down this road was the payment to Colombia. The Thomson-Urrutia Treaty originally offered in 1914 a payment of $25 million to "express regret" and embrace the cause of "justice" for Colombia. Theodore Roosevelt labeled this Wilson administration treaty the "Panama Blackmail Treaty." However, after his death, the faction desiring to "atone for Roosevelt's sins" relating to "stealing" the Panama Canal in 1903 won. The Thomson-Urrutia Treaty went into effect March 1, 1922.\textsuperscript{12} Admissions such as these caused Panamanians to reinterpret American protection of their revolution as an attempt to create a dependency. Voices emerged seeking change in Articles Two and Three of the Hay-Bunau-Varilla Treaty. These articles gave the United States sovereign rights in the Canal Zone in "perpetuity."\textsuperscript{13} Born of expediency in a business-like environment, the Republic of Panama began to
question its subordinate position in relationship with the United States. The questioning led to resentment that in turn brought U.S. reaction. In other words, the beneficiary (Panama) began to view itself as the victim.

U.S. involvement was not entirely flawless either. The United States disbanded the Panamanian Army; intervened to preserve law and order; controlled radio communications in Panama; dictated its foreign policy at times; dominated its economy; and expropriated additional land outside the Canal Zone.14

Franklin D. Roosevelt's (FDR) administration implemented the "Good Neighbor Policy" that gave more concessions to Panama but did not change "sovereignty in perpetuity." The 1936 Hull-Alfaro Treaty conceded to Panama practically every point in dispute since 1903. The concessions included:

- abrogating the protectorate status of Panama
- renouncing the right of U.S. intervention to maintain order
- constructing the trans-isthmian highway from Panama City to Colon
- increasing the annuity to $430,000 per year.15

This Treaty of "Friendship and Cooperation" changed the language of the Canal Zone to be "territory of the Republic of Panama under the jurisdiction of the United States." The U.S. Senate stipulated unilateral defense rights for the United States in an emergency and rejected joint defense.16

With the approaching winds of war in 1940, the United States requested additional defense sites in Panama. The United States rejected additional Panamanian economic demands, and the Army
occupied needed lands under emergency defense clauses. Following
the war, Panamanian protestors demanded that the National Assembly
reject the extension of this occupation. One view at the time
summed up this settlement as "a massive nationalistic movement"
that "successfully thwarted U.S. policies in Panama."17

Postwar defense planning appears to have established the tone
of the U.S. relationship with Panama. The United States stressed
cooperation with the various Latin American military forces to
enhance defense of both the Canal and the entire hemisphere. The
United States also desired to preserve the peace south of our
borders and avoid an unnecessary diversion of U.S. military
resources to the Western Hemisphere.18

However, the United States focused massive economic aid to
rebuild war torn areas and promote democratization in Europe and
the Far East. The U.S. economic policy directed very little aid
to Panama except for Canal Zone development.19 Americans living
in the Canal Zone, called Zonians, received pay differentials,
hiring advantages over Panamanians, and beneficial prices for goods
at commissaries and exchanges inside the Zone. This preferential
treatment of Americans was resented by the Panamanian poor who were
not permitted to enter the Canal Zone. The Panamanian elites
emphasized this inequality to hide their control of the profits
from the Canal for themselves. This made the United States
vulnerable to criticism from all segments of the population.20
They realized some of the advantages of having the Canal in Panama,
but the legacy of dependence and resentment easily shifted the
blame for all unacceptable conditions to Washington.21
President Eisenhower viewed the postwar period of political anarchy as unacceptable. He decided to begin serious negotiations with Panama. The outcome was the 1955 Treaty of Mutual Understanding and Cooperation. The annual subsidy increased to $1.93 million, but U.S. sovereignty remained unchanged. Additional provisions of the treaty included:

- one basic wage scale for all employees
- $25 million of American property returned to Panama
- joint U.S.-Panamanian tribunal to deal with lawbreakers
- Rio Hato Airfield for USAF military training
- 8,000 hectares of Panamanian land rent free for 15 years
- construction of a bridge to link east and west Panama. 22

A Zonian representative at the 1955 treaty negotiations proclaimed that "Panama's wedge to obtain sovereignty is enlarged." 23

Following additional protests in 1959, President Eisenhower decided to fly the Panamanian flag in Schaler Triangle since the United States had upheld Panamanian "titular sovereignty" for over 50 years. The decision to raise the Panamanian flag altered the U.S.-Panamanian relationship more than the 1955 treaty and all the various economic benefits bestowed upon Panama over the years. 24

This, too, would not quell the demands for more concessions. In 1964, Panamanian students entered the grounds of a U.S. high school within the Zone with the intent of raising the Panamanian flag in place of the American flag. The ensuing struggle resulted in three days of rioting, 4 U.S. and 24 Panamanian deaths, several hundred injuries, and two million dollars in property damage. 25

Nearly a year later President Johnson finally decided the
United States needed to recognize Panamanian sovereignty of the Canal Zone. He announced a tentative agreement to abrogate the 1903 treaty with possible options for a sea-level canal or a third set of locks to be built later. Appearing eager to begin treaty negotiations before completion of the feasibility studies for a new canal, the Johnson administration draft treaties of 1967 did little to change the dominant role of the United States. "In perpetuity" was reduced to slightly less than one more century.

As the Vietnam conflict heated up with its demand for seaborne sustainment of war materiel (much of which transited the Panama Canal), the U.S. negotiating team advocated stronger unilateral defense and management rights for the United States. Panama rejected the trend in which the negotiations had shifted and decided to enhance its bargaining position. Panamanian leader Omar Torrijos internationalized the Canal issue by taking it to the United Nations Security Council in 1973. This event forced the United States to exercise its veto power against widespread international support of Panama's demand for full sovereignty over the Canal Zone. This was the turning point for final accommodations to Panama resulting in the treaties of 1977. An internal U.S. attitude of stabilization through accommodations reinforced these external pressures in the post-Vietnam era.

Following the confrontation with Panama at the U.N. Security Council meeting, the U.S. leadership began to review its objectives in Panama. New direction to eliminate the causes of conflict between the two countries emerged in the eight point Kissinger-Tack Agreement on Principles signed in 1974. Although the American
public and Congress did not accept this approach, this statement
did remain as the framework of the future treaties.30 Author G.
Russell Evans states that the United States had thrown away all
bargaining chips at the outset. These principles eliminated U.S.
rights of sovereignty, unilateral operational control, the concept
of perpetuity, and the value of U.S. taxpayers' property within the
Canal Zone.31

Other than developing a "dual-duration" formula for
transferring canal operations while maintaining U.S. defense
rights, the Ford administration had very little impact on the
progress of negotiations.32 At this point General Torrijos
understood and agreed that security aspects of any treaty had to
be clear and distinct.33

Candidate Jimmy Carter's campaign included a promise never to
give up complete or practical control of the Panama Canal Zone.34
Having said this he was elected to office but promptly began to
tackle the Panama Canal Treaty while the President's prestige was
at its highest. He attempted to demonstrate the "primacy of the
moral dimension" in foreign policy.35 President Carter signaled
a strong commitment to the negotiations with Panama by appointing
Ambassador Linowitz as Co-negotiator under a temporary arrangement
to avoid a protracted Senate approval process. Many would view
this tactic as questionable presidential behavior. Also, negotia-
tor Linowitz's link to banking and commercial interests in Panama
could be considered a conflict of interest.36 Increased negotia-
tion momentum and the emergence of a two-treaty formula made the
prospects for treaty ratification brighter.37

9
In spite of many treaty opponents within the general public and in Congress, the White House ratification strategy overcame unfavorable odds at the outset. Fireside chats on national television by the President coupled with pork-barrel concessions to key Senators turned the tide toward ratification. A short summary of each treaty follows.

The Panama Canal Treaty:

- Panamanian role in management, protection, and defense increased
  - Panama Canal Commission established as nine member board with five U.S. citizens and four Panamanian nationals
  - January 1, 1990 - Panamanian appointed as Canal administrator

- Flag of Panama flown in a position of honor

- the Law of the Republic of Panama applies to all areas

- employee unions can affiliate with international labor organizations

- United States cannot construct another canal route without Panama's consent

- hiring preference initiated for Panamanian nationals

- control and operation of trans-isthmian railroad turned over immediately

- Panamanian income
  - $0.30/ton of freight paid from canal operating revenues
  - $10,000,000 fixed annual annuity from operating revenues
  - additional $10,000,000 yearly amount paid from operating revenues when a profit exists - unpaid balance deferred

- preparation of contingency plans for canal protection and defense plus combined military exercises accomplished by a board of U.S. and Panamanian military representatives

- December 31, 1999, termination date
  - Panama assumes total responsibility for management, operation, and maintenance of the Canal
  - all property turned over to Panama debt-free.
Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal:

- establishes "permanent" neutrality of the Canal
- all vessels of war entitled to transit the Canal without subjection to inspection, search, or surveillance
- after January 1, 2000, only the Republic of Panama shall operate the Canal and maintain military forces, defense sites, or military installations
- U.S. war vessels entitled to transit the Canal "expeditiously." 40

The basic treaties approved by the Panamanian people in a plebiscite on October 23, 1977, appear straightforward. In 1978, the Senate ratified the Treaties following the insertion of several reservations. The main emphasis of these reservations addressed the unilateral right of the United States to act to assure that the Canal remain open, neutral, secure, and accessible without intervening in the internal affairs of Panama. If the United States chose to build another Canal, it would not have to receive Panama's consent. No funds would be drawn from the U.S. Treasury to pay Panama without statutory authorization from Congress. The United States would have the right to negotiate for the stationing of forces in Panama after December 31, 1999. President Carter signed the Treaty with U.S. Senate reservations on June 15, 1978, but it was not officially approved by a second plebiscite of the Panamanian people. 41 U.S. Senate reservations, combined with the addition of three paragraphs of "understanding" by the Panamanians, point out the difficulty for both sides to come to agreement.
ENDNOTES


10. Ibid., p. 66.


13. Ibid., pp. 63-64.


15. Crane, pp. 146-159.

16. Hogan, p. 68.

17. Ibid., p. 69.


22. Crane, pp. 159-176.
23. Hogan, p. 70.
24. Ibid., pp. 74-75.
28. Ibid., pp. 34, 38.
29. Ibid., p. 49.
30. Ibid., p. 108.
32. Furlong & Scranton, p. 112.
33. Ibid., p. 79.
34. Doug Waller et al., "'Backwards' Strategy," Newsweek, April 18, 1988, p. 86.
36. Furlong & Scranton, p. 86.
37. Ibid., p. 115.
38. Crane, p. 135.
40. Ibid., pp. 288-291.
41. Evans, pp. 11-12.
CHAPTER II
The Road to Democracy

Although both sides held some reservations about the treaties, hopes that democracy could flourish remained until Noriega gained dictatorial control. His rise to power proved that there were still many obstacles to be overcome before democracy could become a reality in Panama. To answer the question why Panama lacked democratic progress during the '80's, one needs to review some of Panama's past leadership. This will give some explanation for Noriega's emergence and ability to stay in control for nearly seven years.

There can be little doubt that the U.S. involvement dominated Panamanian politics during the early years. Even before Canal construction ended, the Panamanian Liberal party agitated for free elections. Lacking the support of the masses for their agenda, they initiated steps that would lead to U.S. intervention. They would "prefer to see the American government in control to a continuation of the present government."1 Desiring more stable conditions, the United States gravitated toward involvement but then became the focus of criticism from the same group that called for intervention. It helps little to say that the United States believed it was doing its best for Panama.2

Following nearly two decades of direct intervention, a watershed in the history of U.S. involvement occurred. In 1931, when a coup d'etat successfully unseated Florencio Arosema, the United States declined to intervene.3
A name that repeatedly emerges after 1940 is Arnulfo Arias. He was elected to the presidency at least three times but never allowed to serve a full term. His agenda included nationalism, opposing U.S. "hegemony," ridding the country of non-Hispanics, and a susceptibility to Nazi and Fascist themes.4

Following World War II, power shifted to the National Police. Under Commander Jose Antonio Remon, Arias would be removed from office, reinstated, and removed again by 1951. Remon transformed the National Police into a national army by forming the National Guard in 1953. He attempted social reform and economic development to reduce the dependence on the Canal Zone but assassins killed him in 1955. Neither progressive leadership nor the increased U.S. annuity that year controlled internal undemocratic actions.5

With party membership requirements of only 5,000, a multi-party system emerged in 1959. Aspiring candidates would attempt to undermine the oligarchy's control of the political system, but smaller factions such as the Liberals and National Patriotic Coalition could only unite by embracing the nationalist sentiment of denouncing the United States.6

In 1968, Arias once again attracted the support of the lower class by denouncing the oligarchy, and the people elected him to the Presidency. The military quickly ended his tenure following his attempt to remove Vallarino and Pinilla from leadership positions in the National Guard.7 Although conciliatory to the United States while campaigning, Arias demanded the United States hand over the Canal Zone after the election. Hearing this and remembering his ties to Nazism, the United States chose to foster
incarcerated and tortured many Panamanians. Philip Crane (R-Ill) also mentions nepotism and an involvement in narcotics along with the violation of Panamanian citizens' rights. Having obtained the ratification of the Panama Canal Treaties through threats of bloodshed and destruction, Omar Torrijos set the stage for the corrupt military rule to follow.

General Torrijos attempted to step aside so that democratization of Panama's political system could begin. His unexpected death in 1981 brought instability to both the military and civilian leadership. The PRD supported amendments to limit the power of the National Guard in 1983, but the military leadership would not surrender its power to civilian control. At that point, Manuel Noriega, former head of G-2 Intelligence and master of blackmail, emerged as the dictator of Panama.

General Noriega did not back any of the candidates in the 1984 election campaign. He used this time to consolidate his power by restructuring the National Guard into the Panama Defense Forces (PDF). As commander-in-chief of the PDF, Noriega gained control of all security forces and services. Prior to the elections, Noriega replaced President Escribana with Vice President Jorge Illueca. Through fraudulent elections Nicolas Barletta, minister of planning under Torrijos and former World Bank Vice President, followed as President. Barletta attempted to deal with Panama's $3.7 billion debt (the world's highest on per capita basis) through economic austerity measures. PRD labor leaders soundly rejected this approach because they feared foreign competition.

The event that led to Barletta's resignation, however,
involved the atrocious torture and murder of Dr. Hugo Spadafora, a well-known guerrilla internationalist. When Barletta displayed his support for an investigation of suspected PDF involvement, Noriega forced him to resign and placed Vice President Eric Delvalle in the office of President.20 Delvalle's term in office would involve much more repression by the PDF forces against Panamanian citizens. Riot police called "Dobermans" using tear gas and bird shot attacked anti-government protestors during July 1987. These PDF units shot and killed a student, attacked business establishments, closed newspapers, and assaulted the home of Arnulfo Arias Madrid, an opposition leader.21

The U.S. Senate Foreign Relations Sub-committee on Terrorism and Narcotics conducted hearings pertaining to Medellin drug cartel funds flowing through Panama. Following these hearings, Florida's Southern District Court brought a twelve-count drug related indictment against Noriega. President Delvalle attempted to remove General Noriega but had no power to do so without PDF backing. Noriega used his control over the National Assembly to fire Delvalle by replacing him with Manuel Solis Palma.22 However, Delvalle remained the legitimately recognized President of Panama.

At this point, Washington began to see the real picture of Noriega as the leader of Panama. As head of his country's intelligence service, he had been able to pass information relating to Central America and the Caribbean to the CIA. Occasionally the PDF directly helped the U.S. Drug Enforcement Agency (DEA) in arresting drug traffickers. Noriega had allowed the U.S. supported Nicaraguan Contras to train on Colba Island near Panama.23 All
this had been a cover for the connections with the drug lords of Colombia's Medellín cartel and alleged links to the Sandinistas, leftists in El Salvador, and Cuba. 24

The Noriega conundrum emerged as the problem of how to remove the leader of a country without trampling on that state's sovereignty. New York banks froze Panamanian assets on March 2, 1988. Two days later Panamanian banks closed their doors as well. A coup attempt by the police chief on March 16 ended unsuccessfully. Further U.S. economic sanctions involved withholding payment of canal revenues and halting the payments from U.S. corporations to Panama. 25 Diplomatic talks by Secretary of State George Schultz to convince Noriega to step down and leave the country ended unsuccessfully. National elections took place May 7, 1989, with voting documents showing the opposition had won by a three-to-one margin. Noriega responded by annulling the elections and beating the opposition leaders Endara, Calderon, and Ford. 26 The foreign ministers of the Organization of American States (OAS) supported the opposition with an overwhelming vote to condemn Noriega for abusing the electoral process. Washington responded with an additional 1,900 troops sent to Panama, but President Bush appealed directly to the Panamanian military to oust Noriega. 27

A second unsuccessful coup attempt occurred on October 3, 1989. The attempted coup led by Major Giraldi Vega, unable to turn Noriega over to U.S. forces, was put down by Noriega's "dignity battalions." 28

Manuel Noriega's insane last ditch actions which involved declaring himself "maximum leader" of Panama on December 15, 1989,
followed by a declaration of a state of war with the United States resulted in his undoing. The PDF murder of Marine Lieutenant Paz and increased threats to American lives and Canal property brought about a full-scale military attack of U.S. forces to bring peace and stability to a country that was floundering politically and economically under repressive military rule.

Christian Democratic leader Arias Calderon recently attempted to state the reason the United States had become embroiled in the deteriorating state of affairs in Panama before Noriega's ouster.

The United States continues to hold the security of the Canal as a priority. For that you need the stability of the Panamanian society. What has changed is all these years the United States thought stability was independent of democratization and the military was the most important factor. Now it's obvious that democracy is not an independent variable.29

Throughout the years the road to democracy for Panama has had many detours. Some of these diversions have taken place because Panamanian leaders and factions were unwilling or unable to resolve differences within the political framework of their Constitution. The United States backed military supremacy to ensure peace and stability not realizing this would be the institution from which Noriega would emerge.
ENDNOTES


2. Ibid., pp. 193-194.


4. Ibid., p. 32.

5. Ibid., pp. 34-35.

6. Ibid., pp. 40-41.

7. Ibid., pp. 43-44.


13. Millet, pp. 48-49.


20. Millet, p. 52.

22. Millett, p. 46.


29. Rosenberg, p. 23.
CHAPTER III
FOREIGN POLICY ANALYSIS

Returning to the questions posed in the introduction will provide a framework for an analysis of past U.S. foreign policy toward Panama.

1. Has the linkage of the United States with Panama been only a marriage of necessity and convenience?

The Panama Canal has been the most significant feature tying the United States with Panama. The United States benefitted by increased strategic capabilities from the Canal. Panama did not have the capability as an emerging country to operate, control, and defend such an installation. The convenience of this arrangement has benefitted Panama which is located in an economically poor and unstable area. The Canal placed Panama at the crossroads of world shipping making three-fourths of Panama's gross national product Canal related. Panama also developed in the city of Colon the second largest duty-free zone after Hong Kong.1 The Canal has probably doubled the standard of living for Panamanians.2 Careful analysis puts the economic link in the forefront.

2. Has the United States followed a consistent policy to promote its interests while developing Panama democratically?

The common thread appearing in U.S. policy at first was direct intervention to keep the Canal operations running smoothly. Sometimes the Panamanian factions requested U.S. intervention; sometimes the United States acted unilaterally. Later the United States shifted to a hands-off approach but ensuing internal
rioting, rising nationalism, and anti-Yankee sentiment was intolerable. As a result the United States favored Panamanian military control of the country to keep the lid on the dissension. U.S. leadership initiated foreign policy for Panama from a reactionary standpoint. The United States should have pursued a more positive approach of fostering democracy for the entire country instead of concentrating on the economic importance of the Canal Zone. President Carter's approach, although applauded for its apparent moral dimension, appears reactionary as well. Torrijos' charismatic leadership style, mixing nationalistic demands with threats of bloodshed and destruction, caused the Carter administration to pin its hopes on an economic solution. Many people today see the conclusion of the Panama Canal Treaties as a time to pack up our bags, close the door, and breathe a sigh of relief; but this is not true foreign policy.

3. Is it now necessary to define a new policy toward Panama?

The United States needs to formulate new foreign policy for Panama because past shortcomings are very evident. As late as 1987, State Department officials were still asking, "Do the people of Panama really reject military rule?" This showed that democratization from a U.S. standpoint was not an urgent issue.3

Throughout the years U.S. leadership has attempted to lift Panama's and Latin America's status in the world. U.S. presidents adopted policies like the Good Neighbor and the Alliance for Progress. These broad policy statements represented a belief that success or failure in Panama depended on strong individuals rising to leadership roles to maintain peace and stability. What
appears to be lacking was a real commitment to encourage Panamanians to abide by their own constitutional process. Each time U.S. policy involved direct intervention or looked the other way during a forceful change of governmental power in Panama it encouraged Panamanians to stray from the foundation of their Republic.

Following many years of such vacillating behavior, Henry Kissinger interjected his approach for world relationships.

The United States is no longer in a position to operate programs globally. It has to encourage them. It can no longer impose its preferred solution; it must evoke it. In the forties and fifties we offered remedies; the late sixties and in the seventies our role will have to be to contribute to a structure that will foster the initiatives of others.

We are a superpower physically, but our designs can be meaningful only if they generate willing cooperation. We can contribute to defense and positive programs but we must seek to encourage and not stifle a sense of local responsibility. Our contribution should not be the sole or principal effort but it should make the difference between success and failure.4

Later he would narrow this down for Panama as generosity based on linkage, i.e., give Panama a big stake to inspire her to observe all treaty terms for mutual profit of both nations.5 However, in an imperfect world with real-life leaders ready to exploit every agreement for personal or nationalistic profit, one can see how such a hands-off approach to dealing with Panama has led to the worsening situation.

Jimmy Carter's intent to right the "wrongs" of the past did not directly link democratic progress within Panama to complete implementation of the Canal Treaties.6 The Reagan administration,
hampered by differing in-house views of Noriega's worth and Congressional lack of cooperation, attempted to announce a result (Noriega must go) without formulating a strategy to make it happen.7

Today a fledgling democracy is now in place in Panama. U.S. policy for Panama must go beyond mere military success following the latest intervention for peace and stability. The United States must not only encourage democracy; it must develop it.
ENDNOTES


CHAPTER IV

DIRECTION FOR FUTURE U.S. PANAMANIAN POLICY

During the early morning hours of December 20, 1989, the fledgling democratic government of President Endara was finally installed. This occurred while armed U.S. combat troops parachuted into Panama attempting to seize General Noriega. Because President Endara and Vice Presidents Calderon and Ford were democratically elected in May 1989, they were sworn in as power was stripped from Noriega and the PDF.

Ricardo Arias Calderon summarized the objectives of the opposition in a pre-election speech. They were "to get rid of Noriega and build reconciliation and democracy in Panama."¹ However, Guillermo Ford added realism to this bold statement by stating there were no plans for a suicidal charge led by the opposition.² Therefore, after two unsuccessful attempts by dissatisfied PDF officers to stage a coup, it was almost inevitable help would have to come from the outside for relief from this repressive leader. Five days after Noriega declared a "state of war" with the United States, President Bush kept his promise to Endara to "not allow a dictator like Noriega make a fool of the United States and the rest of the world."³ Irrational PDF actions and further threats against U.S. citizens and the Canal forced the Bush administration to use the military instrument of power.

The additional U.S. forces brought into Panama have a short term objective of completing the process of removing the power base from Noriega and his loyal forces. Following this first phase,
longer term objectives of the United States must focus on building democracy. The real power base of the country must be transferred back to the people as the Constitution states. Free elections must be fostered to return true representative government to the entire population of Panama. Every effort must be made to establish a legitimate police force subject to civilian leadership as opposed to the military control that has been the norm of the past.

Economic sanctions imposed before Noriega's removal must be lifted but in an orderly way so that legitimate recipients benefit. Additional economic assistance beyond emergency aid needs to be forthcoming quickly to relieve the horrendous conditions stemming from the repressive rule of Noriega. In this tenuous shifting of power toward legitimate government, the influence of international drug traffickers must be dealt with and eliminated. Additionally, the new government and USSOUTHCOM must guard against the efforts by pro-Noriega forces to reestablish the Cuban links begun by Torrijos and Noriega. These efforts, if begun vigorously by Panama with proper encouragement and assistance from the United States, should result in improved Panamanian internal affairs.

U.S. encouragement for a vigorous effort on Panama's part should include an objective review of the Panamanian Constitution to develop better checks and balances of power within the government. The Panamanian Constitution proclaims that "power emanates from the people and is exercised by the government through the ... executive, legislative, and judicial branches acting in harmonic collaboration with the National Guard." One can see from
this statement that the Constitution needs review and appropriate change. Other aspects of this document that need review are:

1. the concentration of power in the executive branch

2. the control of political parties over the status of legislators

3. the lack of legislative control over the military

4. the legislative branch severely limited ability to control the budget

5. a three member appointed Electoral tribunal with wide ranging tasks but limited past action

6. provincial government positions appointed and removed by the President but lacking legislative responsibility

7. the Legislative Assembly's ability to intervene in the direct election process of municipal mayors

8. provisions for a more independent judiciary.

The process of constitutional change should involve the Legislative Assembly and ratification by referendum. To accomplish this process, elections for legitimate Legislative members should be held within a reasonably short time to bring about true representative democracy. Legislators who willingly rubber-stamped Noriega's decisions recently filled the Assembly. New members need to be chosen for the legitimate political process to flourish. These changes will reduce oligarchic control of government and the economics of the country.

A vision for democracy to grow in Panama seems to be emerging from the leadership. The Endara government has stated its objectives as:

1. establish democracy immediately

2. continue the process to transfer the Canal to the Panamanian people by the Treaties
3. install legal order to guarantee peace and security regarding human rights to all residents

4. reorient the PDF into a professional role supporting democracy under civilian authority

5. initiate economic reconstruction

6. eliminate drug trafficking and money laundering.¹⁷

In the past military control has surfaced when internal factions cried out but none had a true vision for the future. Therefore, the five democratic parties that banded together as the National Civic Crusade (NCC) must remain united as one voice working in cooperation with President Endara. They must remain true to their July 8, 1987, manifesto calling for a "new government which our people demand, completely freed from the structure of the militaristic regime and the legitimacy of which must be based on the known will of the majority of the people."¹⁸ These five parties, along with over 100 civic groups plus the Roman Catholic Church, must remain united in a lengthy process of democratic nation building. They must remain motivated toward this higher goal rather than just their initial efforts to undermine and discredit Noriega.¹⁹

As a combined voice for democracy the NCC must develop a clear vision for Panama or it too will be rejected by the people. The requirements for democracy must include a reconciliation between the differing views of democracy held by the business community and the labor sector.¹⁰ So far the NCC has focused on restoring the procedural form of democracy, but some view it as only a group of businessmen who have not supported substantive economic benefits for the common man.¹¹ Therefore, true democratic emergence in
Panama will involve more than the subordination of the PDF to civilian leadership and the restoration of basic civil liberties. The Roman Catholic Church, already involved in the process, can act as a bridge between the business and labor sectors. It could support actions such as facilitating mediation to "sell a more comprehensive view of what democracy means to a broad constituency."

In the process of restoring true representative democracy, the NCC must be willing to support free elections for new Legislative Assembly members. The people must be given the opportunity to remove all former pro-Noriega legislators. Newly elected representatives will offer more positive support to democracy.

Shortly after his installation, President Endara offered an invitation to the NCC alliance to join in the initial phases of beginning a new government. He realized that the task of rebuilding the country is a task for every single Panamanian. He has called on everyone to work arduously, even to make sacrifices to reconstruct the country. President Endara is beginning on the right foot by asking the people to join in supporting him while he promises to be "at the service of the people's will."

The National Endowment for Democracy (NED) could be an influencing institution promoting the unification of factions. This private, non-profit organization funded through U.S. congressional appropriations could help form a consensus between splinter parties within Panama. Vitally needed within Panama are stable, broadly inclusive political parties offering answers to major issues. The NED has been successful in other countries in offering
training programs in democratic theory, assisting in voter education, and distributing pro-democracy magazines and videotapes.\textsuperscript{15} Programs such as these will undergird citizen unity.

During this process of change and restoration, the establishment of free press, public radio, and television is essential for the truth to be disseminated to all Panamanians. The Southern Command Public Affairs Office, previously involved in the "war of information" in Panama, can assist in this transitional period.\textsuperscript{16} Until the Panamanian media can return to normal, this office can provide up-to-date information to the public.

The U.S. Information Service (USIS) can offer helpful assistance as well to provide the Panamanians with information and truth. The most important contribution our overseas information program can provide to Panama is a precise statement of "what the American purpose is and why it is what it is."\textsuperscript{17} In other words a straight story about our intentions backed by straight actions to remain credible before Panamanian eyes. The United States must remain sensitive to avoid portraying a "made in America" image to the Endara government.

Economically speaking Panama has a long way to go to full recovery. A leading Panamanian economist, Dr. Guillermo Chapman, stated that as a result of U.S. sanctions, "from the point of view of economic development, the 1980's are a lost decade for Panama."\textsuperscript{18} Inflation followed by a reduced capability to borrow money on the international scene plus competition from U.S. pipelines caused a stagnation in the Panamanian economy.\textsuperscript{19} Additionally the imposition of U.S. sanctions reduced personal
income severely. The lifting of the economic sanctions will provide immediate relief from a dire situation, but much will need to be done to aid Panama economically.

The flow of money into the country is not the only need at this time. U.S. policy for economic assistance must be linked to definite actions to eliminate the money laundering problem. Panama's new government must be strongly encouraged to sign the Mutual Legal Assistance Treaty that lifts banking confidentiality. Additionally, the United States can initiate and encourage civic action groups to provide medical assistance to the poor in rural areas. The Caritas emergency feeding program has been a success in the past and should be continued.

The Endara government should be encouraged in its efforts to place the Public Forces under the minister of government and justice, Vice President Calderon. The new Public Forces' leadership must begin to prove itself by getting tough on those conducting drug activities in Panama. The Public Forces should remain willing to work closely with the U.S. Drug Enforcement Agency officials. The flow of drugs and drug laundered money through the country must be stopped. With the assistance of the U.S. military, the Public Forces should remove from the country all Cuban subversives attempting to undermine the Endara government.

At some point in time before December 31, 1999, Panama should objectively review the requirements for proper Canal defense. Negotiations to extend limited U.S. base rights will provide an assurance to the region and to Panama that the Rio Treaty remains in effect for mutual security. Panama also needs to evaluate the
economic effect upon its citizens caused by a total withdrawal of U.S. forces. U.S. negotiations should focus as a minimum on retaining the use of Howard AFB and Rodman Naval Base. Howard AFB has no equivalent in military jet capability within 1000 miles offering an intra-theater link to South America. Rodman offers the only major ship repair facilities within 1600 miles of Atlantic ports and 2500 miles from distant Pacific ports.

The needs for Latin America, Panama included, can be summed up as hemispheric unity, economic growth and prosperity, and stable regional politics. Panama can do much for the region by developing itself democratically. In helping Panama toward democracy, the United States must avoid leaving a vacuum because the "real threat to the global balance of power from Latin America is that regional instability might at some future time provide the Soviets with bases or proxies in this hemisphere which could tie the United States down during a major war in Europe." The United States will continue to have interests in Panama because of its location on our "vulnerable" southern flank. It is the logical location for military installations capable of enhancing continental defense while monitoring Soviet military and surrogate weapons movement.

We must continue to work closely with Panama but not to the point of stifling its democratic growth. Possibly the best thing we can do for Panama while encouraging the development of democracy is to help restructure its $4.5 billion debt. Working out a way to reduce this economic burden while encouraging a vigorous market economy will help Panama over many hurdles. With the balboa tied
in value to the dollar, many of the inflationary aspects that face other Latin American countries do not exist in Panama. Debt reduction then should be easier to accomplish for Panama than neighboring countries.

Today there is a basis to be optimistic about a democratic outcome in Panama. The movement toward democracy is so widespread that a reversal of trends seems highly unlikely. Panama joins many other countries in Latin America that have made the vital switch to a representative type of government. Nationalism seems to be losing its extremely negative edge and people are looking seriously at what does work.

U.S. foreign policy must stand for the highest of democratic values possible. Just as the United States committed combat troops to bring about democracy in Panama, future U.S. leadership must be willing to commit itself as fully to upholding previously signed treaties for the region. The United States and Panama must move positively to implement the Panama Canal Treaties. Control and operation of the Canal by Panamanians will be one of the less complicated aspects to put into effect. The second treaty dealing with "neutrality" will be tougher because "neutral rights" are present only as long as neutrals have power to enforce them.25 Granted, war doesn't appear to be looming on the horizon, but should any conflict arise in the region the United States will not be neutral. The United States will be bound by the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) to provide for mutual defense against external attack.26

U.S. foreign policy will always involve security, economic
growth and promotion of democracy. Security for the region and Panama will include curbing the spread of revolution by Nicaragua and Cuba. Economic growth can be encouraged by inter-American trading arrangements such as the one initiated with Canada. Private enterprise as opposed to state capitalism must be advocated. The promotion of democracy can be enhanced by focusing more on a north-south axis to encourage true partnership in the hemisphere. A combined effort such as this will reduce the possibility of future Noriegas.

2. Ibid.

3. Ibid.


5. U.S. Department of the Army, p. 247.


10. Ibid., p. 434.

11. Ibid., p. 422.

12. Ibid., p. 435.


24. Hayes, pp. 77-78.


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