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CIVIL-MILITARY RELATIONS IN A CIVILIANIZED STATE: PANAMA

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This article traces and analyzes civil-military relations in Panama. After a brief overview of the role of the National Guard in the country politics, the article concentrates on political developments since the 1989 U.S. invasion to overthrow the Noriega regime and the subsequent elimination of the Panamanian military. The study seeks to shed light on political life in an army-less and politically and socially fractionalized country occupying a sensitive strategic location. The concluding part of the study speculates on the possibility that terrorism, domestic security concerns, and regional considerations may prompt Washington and Panamanian leaders to reverse the decision to abolish the country's military institution.

As Egypt is a gift of the Nile, Panama owes its very existence as an independent country to the Panama Canal. The need to have a waterway that would connect the Atlantic and Pacific oceans prompted President Theodore Roosevelt's administration to seize control of a part of Colombian territory in 1903 and establish an independent, vassal country. The small and weak Panamanian state has always been overtly dependent on the United States, and America exercises paramount and pervasive influence on every aspect of Panamanian life. Article 136 of the country's constitution, for example, grants Washington "the right to intervene in any part of Panama, to re-establish peace and constitutional order if it had been disturbed" (Ropp, 1991:371). The country's paper currency is the American dollar. This dominant and overwhelming influence made the American factor the source of all that went on in the country, positive as well as negative. Richard L. Millett captures the essence of this uneasy relationship: "As great as is the actual U.S. influence in Panama, its psychological influence is even greater." As such, "there is a long history of blaming the United States for everything from the excesses of the Panamanian military to the influence of drug trade" (Millett, 1996:94).

When it came to choosing between *realpolitik* and respect for democracy and respect for national sovereignty, Washington chose *realpolitik* and intervened in Panamanian politics to protect America's commercial and other interests, including control over the Canal and the ten-mile wide Canal Zone. Toward this goal the U.S. encouraged and supported the rising political role of the country's National Police in the 1930s (reorganized and renamed as

the National Guard in the early 1950s) as a counterweight to the perceived anti-Americanism of the Panamanian nationalists (Partido Panamenista Autentico—PPA), led by the charismatic Arnulfo Arias Madrid. Yet, the U.S. did not hesitate to move against the Guard (which in 1983 was revamped and renamed Panama's Defense Forces—FDP) in December 1989, when American forces invaded Panama and brought down the military regime of General Manuel Antonio Noriega. With Washington's approval, if not outright insistence, the Panamanian National Assembly defied the results of a national referendum designed to abolish the FDP and voted in 1992 to eliminate altogether the country's military. In the Panama Canal Treaty, which signed in 1977, the U.S. agreed to turn over sovereignty of the waterway to Panamanian authorities by December 31, 1999. The withdrawal of American forces, coupled with increasing vulnerability connected to guerilla activities in neighboring Colombia and international terrorism, have caused Washington and Panamanian officials to quietly revisit the issue of regional and Canal security, and with it the wisdom to eliminate the country's military. While Panama remains a country without an army, changing circumstances and vexing security problems may prevail on Panamanian authorities to reconsider the issue.

The aim of this article is to discuss and analyze the role, rise, and fall of the military in Panama's political landscape, and evaluate and assess political life in an army-less country in the wake of America's withdrawal, and assess future implications in the face of mounting regional and international security concerns. The article consists of three parts. Part one, provides a brief analysis of the role of the Panamanian military Panama's social, political, and economic landscape until the fall of the Noriega regime in 1989. Part two discusses the nature and texture of the country's politics following the re-introduction of civilian rule and the elimination of the military. The final part identifies current and ongoing security and other difficulties and speculates on the potential for re-militarization of Panama's political life.

THE SETTING

Panama's sensitive geographic location and unique history are responsible for the country's deep and ongoing social, economic, and other divisions. The largely English-speaking Canal enclave and the white, European connected, pro-American commercial elite has dominated politics for most of the country's history. Though growing in numbers, the working class experienced crippling divisions, pitting the higher paid Canal Zone workers against the Spanish-speaking industrial proletariat. The former were co-opted by the commercial elites while the latter formed the backbone of Arias' nationalist PPA. Land ownership became another source of conflict between a growing class of cattle-raising entrepreneurs and poor farmers. Peasants and

small farmers were forced to migrate to urban centers, swelling the ranks of the *lumpen* proletariat. These and other causes formed the backdrop of a deep, ongoing, and multidimensional conflict in this small Central American country of about three million people (2004).

These divisions played a key role in Panamanian political life. To maintain their dominance the U.S. supported commercial elites decided to disband the army shortly after independence "due to the threat it posed to the political elite and to the United States" (Ropp, 1991:371). This move, coupled with severe repression and intimidation, ensured the political supremacy of the urban elite, "but at the same time undermined its political legitimacy" (Ropp, 1991:371). While statehood served the needs and interests of the elites, it failed to deliver similar benefits to those in working classes and others with no ties to the Canal Zone. Economic discontent and lack of access to political power lay the basis for the rise of the nationalist, Panamanista PPA movement. Formed in 1923 by Arias, the PPA "embodied much of the resentment felt by the Panamanians toward the United States as well as the Antillean blacks who had many of the jobs in the Canal Zone" (Ropp, 1991:371). Its long-time leader, Arias, was elected president on three separate occasions (1940, 1949, and 1968), but was never allowed to complete a full term in office.

As a result, the country experienced political gridlock and instability throughout the 1930s and 1940s. Taking advantage of the situation, the National Police began gaining political influence. Under Jose Antonio Remon's leadership the police was converted to a National Guard and became the key arbiter "in the feuds among leaders of the traditional political parties" (Ropp, 1991:371). Between 1948 and 1952, "Remon installed and removed presidents with unencumbered ease" (Black and Flores: 1989:34). With Washington's acquiescence, Remon used the Guard as steppingstone to win the presidency in 1952, as head of the National Patriotic Coalition (Coalition Patriótica Nacional—CPN). Despite its founder's demise in 1955, the Guard "retained much of its political influence." (Ropp, 1991:371). The Cold War prompted the United States to increase military assistance and provide training to Panamanian officers. As result, the size of the Guard increased, as did the professionalism and sophistication of its officer corps. But the country's political divisions continued unabated. With Washington's tolerance, the Guard staged a coup on October 12, 1968, and overthrew the popularly elected government of President Arias. Led by the young and charismatic Lt. Col. Omar Torrijos Herrera, the Guard governed Panama until the U.S. invasion of December 1989.

Although it is hard to point to a direct U.S. involvement in the 1968 coup, there is little doubt that Panama's civil-military relations were and remain largely a dependent of the United States from its very inception. The Panamanian model is common to U. S. interventions in the region. In the Dominican Republic, Haiti and Nicaragua the United States asserted its military

might, then trained a quasi-military quasi-police organization to provide law and order as well as defense for the nation. In no case did the concoction prove to be a palliative for authoritarian rule and the undermining of democracy. The Panamanian military ingratiated itself to U.S. policy makers by assisting the Central Intelligence Agency with its anti-Communist campaigns in the region. The School of the Americas, located on U.S. Panamanian bases, trained military from throughout Latin America in the techniques of counterinsurgency and anti-terrorist tactics. Many Panamanian officers, including Torrijos were schooled in this environment. The impact of this training on the thinking of the Panamanian strongman was profound: "Particularly significant to Torrijos were these doctrines' emphases upon the need for reform of social structure to avert Fidelismo, the advantages of military discipline in providing order, and the 'incompetence' of civilian politicians in the management of the economy" (Feldman, 1988:20).

Unlike previous occasions, the 1968 coup led to the establishment of a *dictablanda* under the leadership of Torrijos. Despite his training, General Torrijos was never a passive instrument of United States foreign policy. Once in power he expropriating much of Arias's rhetoric and appealed to Panamanian nationalism by asserting Panama's right to sovereignty over the Canal. In addition, he took steps to strengthen and expand the Guard's role in the country's social and economic life. During his years in power (1968-1981) Torrijos used his unchallenged position in the Guard as a bulwark "to reconcile the historically antagonistic interests of Urban Panama and the interior provinces" (Ropp, 1991:373-374). Toward this end, the Torrijos regime began to build a political power base even before the treaties.

The regime reached out to various elements of Panamanian society. Government employment was expanded, from some 60,000 employees in 1971 to 107,000 by 1979 (Ropp, 1992: 214-234). Many of these employees were from the lower classes of Panamanian society. " By 1975, there were approximately 45,000 low and middle income employees working for the public sector who, with their families, provided a strong popular political base for the regime in a country of only two million" (Ropp, 1992: 217). Evidence indicate that there were more government employees making under \$3600 per year than in the remainder of the Panamanian economy combined (Ropp, 1992: 220). Linkages to the merchant/shopkeeper class were maintained through a system that supplied them with consumer goods illegally taken from the free trade zone, which was controlled by the Guard. In short, Torrijos' ascendancy propelled the Guard in to new more powerful position "with a lasting imprint on the socioeconomic life of the country" (Ropp, 1989:222).

The Panamanian officer corps and the rank and file varied from more traditional Latin models in that they were not recruited from the ranks of Creole elite. The Guard was multi-racial and multi-class in character, which put it at

odds early on with the country's economic and cultural elite. Panamanian military, economic and political linkages were different from the traditional Iberio/Latin American model in which a military officer corps is drawn from the economically advantaged and educated classes and uses its power to resist redistributions of the wealth acquired by the landed gentry and the manufacturing sectors (Wiarda, 1973:206-235).

The charismatic Torrijos exercised tied control over the Guard "through a highly centralized administrative structure" in which he was the only officer to hold the rank of general. He increased officer wages and benefits and broadened the social base of officer recruitment and training. Unlike the 1950s and 1960s when the majority of Panamanian officers received in Central American schools, in the 1970s more officers were sent to South American academies, such as Argentina, Brazil, and Chile (Ropp, 1989:223-224). Torrijos' brand of leadership expanded the role of the Guard and furthered the level of professionalism.

Employing nationalist and at times anti-American rhetoric, Torrijos put pressure on American presidents to vacate the Canal and turn over sovereignty of the waterway to the Panamanian state. Feeling that the aging Canal's importance had diminished due to increased in air transportation, President Jimmy Carter entered in to negotiations with the Torrijos regime. The 1977 Carter-Torrijos Treaty was signed in which Washington agreed to relinquish to the Panamanians sovereignty of much of the land bordering the Canal as well as the north-south railway that links the two oceans. The United States continued to operate some of the military bases within the Canal Zone, which were used as staging areas for the 1989 invasion. All bases were officially closed in 1999, as was U.S. controlled and operated jungle warfare school. Torrijos promised that the Panamanian state would guarantee the defense of the Canal after the U.S. withdrawal.

Despite his populist and nationalistic policies and rhetoric, Torrijos took steps not to antagonize American commercial interest or those of the indigenous economic elites. The American dollar was maintained as the national currency and foreign investments were encouraged by reduce red tape, tax incentives, and provisions for the repatriation of capital. The government adopted a law in 1970 designed to entice international banks to make Panama the hub of their regional operations. The law also facilitated offshore banking. As a result, "numerous banks, largely foreign owned, were licensed to operate in Panama; some were authorized solely for external transactions. Funds borrowed abroad could be loaned to foreign borrowers without being taxed by Panama" (Black and Flores, 1989:48). As such, the country "became a center not only of multinational banking activity but for other services that the major multinational corporations needed, such as transportation, communication, and warehousing" (Ropp, 1991:374).

By the mid to late 1970s, however, Torrijos realized that prolongation in the direct exercise of political power by the military would ultimately soil the Guard's image and harm its professional, economic, and other interests. Panama's constitution was amended in 1978 to allow for a transition to civilian rule by the early 1980s. Toward this end, and to ensure his own preeminence, Torrijos helped establish a political party, the Democratic Revolutionary Party (PRD). Modeled after Mexico's PRI, the PRD was "an umbrella organization encompassing the various middle and working class elements supportive of Torrijos' reforms." The party "was intended to fill the void of power once the Guard returned to the barracks" (Feldman, 1988:114). Summarizing existing literature Feldman identifies three key factors that prompted the withdrawal of the Panamanian military from politics. First, Torrijos and his lieutenants felt that the Guard's and their own political and economic power would not suffer under civilian leadership. Second, prolongation in power would entail risks for the Guard's goal of remaining the ultimate arbiter in the country's politics. And finally, "desire to protect the Guard's perquisites and privileges" (Feldman, 1988:116). In Feldman's words, "the Guard would be much more likely to preserve its special economic privileges intact if it withdrew from power. Simply put the illicit business dealings of the officer corps would operate much more smoothly out of the public eye" (Feldman, 1988:117). The drug connection was documented in *The New York Times*. In a June 13 1989 article, Seymour Hirsh suggested that as far back as 1972 Panamanian intelligence officers with strong American connections were actively involved in drug trafficking (Ropp, 1991:378).

The economic slowdown the country was experiencing during this period (late 1970s) reinforced Torrijos decision to civilianize his regime. Guard initiated civilianization would satisfy Washington's demands for democratization and would protect the Guard's interests by continuing to exercise veto power over the country's general political and economic orientation. The 1980 elections, the first in fourteen years, inaugurated the return of civilian rule. The Guard supported RPD triumphed and its candidate Aristides Royo, who was handpicked by Omar Torrijos, became Panama's president.

General Torrijos died in a mysterious plane accident on July 31, 1981. His demise put the withdrawal of the military from direct control of the levers of power to a test. It soon became clear that the Guard's power and influence in Panamanian society expanded. By the mid-1980s the military had a virtual strangle hold on the country. Much of the excesses occurred under the leadership of General Manuel Antonio Noriega who took command of the Guard in 1983. Prior to becoming head of Guard, Noriega was the head of military intelligence. With American encouragement Noriega prevailed on his country's legislature to pass Law No 20, which abolished the National Guard

and replaced it with the Panama Defense Force (PDF, or FDP in Spanish). Unlike its predecessor whose mission was internal security, the PDF under Noriega became more of a traditional army, and “increasingly turned its attention to the external environment” (Ropp, 1989:258). In an effort to consolidate his grip the ambitious general “oversaw the transformation of the National Guard from a small paramilitary organization into a much larger and more capable PDF, ostensibly capable of defending the expanded national territory (now including the former Canal Zone) and of joining the United States in defending the Panama Canal” (Meditz and Harnatty, 1989:xxviii).

Previously, under his leadership, the intelligence arm of the PDF worked closely with the United States assisting in its efforts to resist communism in the region. Simultaneously, the PDF directly participated in or facilitated the drug trafficking activities of Colombian drug cartels through PDF control of the national bank customs services (U.S. Department of State Dispatch, 1991). Washington was willing to tolerate Noriega’s illicit activities and increasingly dictatorial behavior. The Panamanian strongman engaged in outright fraud to engineer the election of PRD candidate Nicholas Ardito Barletta—an outcome that signified that the gradual transition to democracy and civilian rule Torrijos had inaugurated had been reversed. *Realpolitik* had triumphed again. In the eyes of the Regan administration “Panama had become an important strategic ally within the context of the growing crisis in Central America, [and the administration] was willing to settle for the construction of a democratic façade in Panama” (Ropp, 1991:377). Ropp succinctly encapsulates the parameters and evolution of official Washington regarding Panama: “The Carter administration considered General Torrijos a friendly tyrant because of his progressive social policies and a desire to negotiate new canal treaties. The Regan administration supported General Noriega because he was both an intelligence ‘asset’ and an ally in Central America” (Ropp, 1991:379).

Eventually, the antics of the mercurial Noriega led to his indictment for drug trafficking by a Federal Grand Jury in Florida. Domestically, the PDF had been extorting ownership interests in various large businesses in Panama, which stiffened the resistance to Noriega and military control of the country. The changed situation in Central America and Noriega’s questionable dealings rendered him less useful. In turn, the Panamanian strongman became increasingly dictatorial and his involvement in drug trafficking became an embarrassment to the United States. American officials implicated him in the torture-killing of a dissident and “lending support to left-wing-guerillas and drug-trafficking”—all of which confirmed Hirsh’s revelations in the *New York Times* article. As Ropp explains, by 1987 drug trafficking “had come to be considered a major security threat” (Ropp, 1991:378). The U.S. Senate Subcommittee on Terrorism and Narcotics “held a series of hearings that

documented Noriega's involvement in money laundering operations for [Colombia's] Medellin Cartel" (Ropp, 1991: 378).

Under the circumstances the Reagan administration moved against the Panamanian dictator. Beginning in March 1988, Washington imposed economic sanctions that devastated Panama's economy. Once friendly relations between Noriega and Washington became increasingly tense. Having few options, Noriega employed the nationalist card, claiming that "the efforts to undermine his authority were intended to assure U.S. control of the canal after 2000" (Ropp, 1991:379). But the sanctions had crippling affect on the economy. Growing domestic discontent and international pressure forced Noriega to hold elections. A broad-based coalition was formed to challenge the Panamanian strongman. The elections were held on May 7, 1989 in the presence of international observers. The result was a two to one defeat of Noriega, despite his substantial control of the process. The official count will never be known because Noriega had the ballots and their results destroyed. The Noriega regime rebuffed mediation efforts by the Organization of American States.

As a result, tensions between the Noriega regime and the administration of President George Bush increased steadily. American media coverage of events in Panama and the administration's response was a regular topic of the electronic media in 1989. Noriega became more and more defiant and aggressive. U.S service members and their families were harassed by both thugs in civilian clothes and by uniformed members of the PDF. The latter extorted money at gunpoint, assaulted unarmed off-duty personnel, and finally killed an American officer. All the while, Noriega was ruthlessly suppressing Panamanian opposition groups. President Bush decided that only force would dislodge the Panamanian dictator and ordered a full-scale assault on December 20, 1989. As U.S. troops poured off the Canal Zone, the winners of the election, Guillermo Endara, Ricardo Arias Calderon and Billy Ford were sworn in as president and vice-presidents respectively. The PDF was quickly overwhelmed and Noriega went in to hiding. Eventually, he surrendered to American forces and was transported to the United States for trail. The U.S. invasion brought to an end twenty years of military rule/control, and in Ropp's words "destroyed a military-police institution that had shown no inclination to facilitate a democratic transition" (Ropp, 1991:379-380).

DEMOCRACY RETURNS

The end of praetorian rule did little to end factionalism in Panamanian political life. As Millett points out, "underneath the veneer of democratic institutions and individual freedoms lies a society profoundly influenced by the decades of military rule, deeply divided along class and racial lines, and still

attempting to come to terms with its relationship to the United States" (Millett, 1996:93). These habits and practices have been the hallmark of Panamanian political continues unabated.

A dozen parties participated in the 1989 election. Unfortunately, the coalition that garnered two thirds of the vote was united by what it opposed (continued rule by Noriega and the PDF) rather than any concrete policy agenda. The Alianza Democratica de Oposicion Civilista (ADOC) was made up of the Authentic Liberal Party (PLA), the Christian Democratic Party, and the National Liberal Republican Movement. President Endara was running as the candidate of the PLA because a Noriega controlled election commission had awarded the leadership of Endara's own Authentic Panamanista Party to a Noriega supporter. After the election, President Endara organized his followers into the Partido Arnulfista, which became a part of the governing coalition. The coalition undertook a number of reforms with varying degrees of enthusiasm and effect. These included: reorganization and restructuring of the PDF, economic reforms aimed at reducing foreign debt and an unsuccessful attempt to rewrite the constitution.

Largely under U.S. direction and oversight, the PDF was renamed the Panamanian Public Forces (PPF). Its ranks were reduced immediately from 15,000 to 11,800. Former PDF members were invited to join the new police-oriented force. Between 2500 and 3000 members of the PDF refused. In addition some 150 officers were purged through a system of voluntary and mandatory retirements. In December 1991, a coup attempt,, under the leadership of Lt. Colonel Herrera Hassan, was thwarted by U.S. forces. Another 40 to 45 senior officers left the PPF (Ropp, 1993:102-105). Currently, the PPF has 13,105 personnel that include a large number of police recruited and trained since the U.S. invasion. About 11,000 of them are members of the Panamanian National Police. The others are spread among the national Air (410) and Maritime Services (491), the Technical Judicial Police (962) and the Institutional Protective Services (360).

The U. S. led sanctions against Panama that began in 1987 and the incompetence of the Noriega regime had a devastating impact on the Panamanian economy. Unemployment rose above 35% and gross domestic production dropped 17% (*Panama: Background Notes*, 1992:5). The negative affects of the Noriega regime and overall tightening of international investment banks led to some meaningful reforms by the Endara government. In 1992 the Panamanian GDP was \$5 billion while its debt was \$5.4 billion. Endara's reforms included a restructuring of the foreign debt that renewed access to credit. The government also agreed to move toward privatization of many government activities, to reform its trade polices, tax reform and increased public investment (*Panama: Background Notes*, 1992:4-5). A Panamanian Stock Exchange was begun in 1990 and by 1992 traded \$102 million. By 2003,

the volume had risen to 1.4 billion (Mora and Andres, 1993:2). These reforms worked well and the country's economy experienced substantial GDP growth throughout the 1990s, averaging of 5.1%. Government measures were helped by additional factors, including a dollar-based monetary system, a continuing interest from international banks, and a linchpin location astride a world trade route. Panama continues to benefit from the world's second largest free trade zone. Within this zone, goods can be stored, repackaged and shipped without any local or federal taxation.

Under the Panamanian constitution, the president is elected for one term. A 1998 referendum to change the constitution allow the same individual to hold the presidency for two consecutive terms was defeated by a margin of 64%. While in office, the president is responsible for generating most, if not all, legislative initiatives and exercises virtually autonomous control of the operations of Panamanian government and generates fiscal and monetary policy. This strong executive-based system was put in place during military rule to ensure continuation of its hegemony over the civilian government. Ironically, such a system would be ideal for achieving fundamental reform if a reform minded person could gain the presidency with a substantial election mandate. But neither event has occurred

In 1991, a number of constitutional reforms were put forward by the legislature that had no clear majority party. The reforms included demilitarization and a strengthening of the legislature vis-a-vis the president. The reforms were rejected in a referendum. More significant was the fact that 68% chose to abstain. Fortunately, the important demilitarization reform had been achieved by the presidential decree (Scantron, 1993:65-102). Constitutional revisions occurred again in 1993 and 1994. None of them, however substantially altered the locus of power in the presidency.

In the post-Noriega years, factional in-fighting among members of the anti-Noriega coalition, rendered effectively governance nearly impossible, as did the chances of meaningful constitutional reforms. The infighting involved the distribution of government positions among the coalition members. Eventually, Vice President Calderon resigned his position in the cabinet and his supporters undertook opposition to Endara's legislative agenda. Ultimately, Endara had to form a coalition with members of the (PRD) whose twelve seats became pivotal. The PRD "leads the COLINA coalition of labor, revolutionary, and communist parties and was made up primarily of former Noriega supporters. "The *Tendencia* faction of the PRD is a strong-arm battalion with ties to Cuba and Libya. *Tendencia* influence is declining because of internal friction and public opposition" (*Panama: Background*, 1992:4).

Three national elections have occurred in Panama since the U.S. invasion. By most accounts voting was fair and the process was transparent. The fact that the presidency changed hands from a coalition of reformers, to

successors of the Torrijos legacy the PRD, to an opposition party (Party Anulfista--PA), then back to the PRD. These alternations to power speak well of peaceful democratic transition in Panama. At the same time, when considered in the context of legislative gains and losses, the legislature is immobilized and presidential dominance continues. Meanwhile, citizen discontent has been expressed in public opinion polls as well as voter abstention in the constitutional referendum. The heavy-handed tactics of the Endara government toward opposition groups set the stage for a stormy 1991 election (Furlong, 1993:19-64).

The results of the 1994 presidential election reflected the factionalism of Panamanian politics, and threatened to undermine the reforms that have been achieved. Observers indicate that the election (just as in 1991) was fair and honest. More encouraging was the level of turnout was high, 73.7% of the eligible electorate. Each faction was represented and a fourth force ran well with the promise of national unity and reform. Salsa singer-actor-attorney Ruben Blades was the candidate of Papa Egoró (Mother Earth). Blades did well in the polls leading to the election but finished third behind the winner Ernesto Perez Balladares of the PDR and Mireya Moscoso widow of Panamanian icon Arnulfo Arias. Most surprising was the poor showing of the Christian Democrats who had been dominant in the 1989 coalition that defeated Noriega.

President Perez headed a coalition that included the support of the relative minor *Partido Laborista* and the *Partido Liberal Republicano*. Lack of majority in the legislature forced President Perez to call for coalition and cooperation. The PA under Moscoso rejected the offer. Factionalism and plurality governments continued in the post-Perez period. Perez was succeeded in 1999 by Mireya Moscoso. She who won election with under 45% of the vote. Here again the voters split their allegiances. While winning the presidency, the Partido Arnulfista captured only 18 of 72 seats in the legislature; the PRD won 34. Voters shifted allegiances again in 2004 electing Martin Torrijos of the PRD with 47% of the popular vote. In a break with the past, however, his PRD won 41 seats in the Assembly, which had been expanded to 78 seats. The PA managed to hang on the only 17 seats. Clearly, the younger Torrijos has a working majority with which to advance his party's agenda.

The fortunes of Panama continue to ebb and flow with the volume of traffic through the Canal. In 2003, the Canal broke the all time record for tonnage. Significantly, this was also the safest year in history of the canal. Much of this was made possible by repairs and renovations costing more than a billion dollars. The repairs were undertaken 1996 under the auspices of the Panama Canal Commission. The alterations were carried out by the autonomous Panama Canal Authority, at a cost of \$1 billion. In 2002, for example, expansion of the Galliard Cut was completed that allows two rather than one ship to pass simultaneously.

Current proposals for modernizing the canal would enlarge three sets of locks, which have not been expanded since the canal opened. The proposal is highly controversial on several grounds. First, it would involve creation of a new lake that would destroy a great deal of arable land. This has drawn highly organized protests on the part of campesinos. The environmental impact that the project would have is another concern. Each time a lock is flooded and drained, millions of gallons of fresh water become contaminated with seawater. Finally, there are a great many doubters who fear that the cost will far exceed the country's ability to amortize the debt. Potential foreign investors do not share these concerns. Financial support has been offered from financial institutions in the United States, Europe and Asia.

Twenty-five years after his father signed the treaty returning the Canal to Panama, PDR's Martin Torrijos was elected president. The PRD returned to control of the presidency with 47% of the popular vote. But Torrijos ran on a platform that promised to reverse the neo-liberal economic reforms undertaken by the Endara government. International lenders are likely to be impatient with the new government if it backtracks on commitments to retire previous debt. In the past, the PDR built its support base by employing legions of the poor in low paying, marginally productive government jobs. The new president has promised to replace Endara and Moscoso appointees in the mid to upper levels of government.

The United States seems less than enthusiastic regarding the prospects for orderly progress toward long-term stable democracy in Panama. The international press has characterized the younger Torrijos as a banker and a businessman, rather than as the leader of the Noriega faction in Panama. Meanwhile, time marches onward toward the pledged withdrawal of remaining U.S. forces and Panama's autonomous control of the Canal. Political stability was a condition of the Canal treaties and it is unlikely that the U. S. would withdraw willingly and turn over some 35 billion dollars in assets in the absence of stable governance. The continuing presence of the Southern Command of the U. S. military and the continuing control of air and ground logistic facilities would serve to ensure American interests in Panamanian internal political affairs. The United States along with Japan may prove to be the two most willing sources of credit for the struggling democracy.

The Torrijos government can be expected to continue the policy of quiet neglect approach toward prosecuting former PDF members that began under Endara. Indeed, the interests represented by the PDF hold cabinet posts in the government. In addition, even without its military component, the Panamanian Public Forces were a viable instrument in the hands of the Endara government for the persecution of its opponents. Furthermore, the laws which allowed the repression of the opposition press are still on the books. Finally, the possession of arms by various factions raises the potential for armed struggle and

violence. On the positive side, the electoral process in Panama seems to have been purified. Without a legislative majority, the Torrijos government is forced to reach out to the opposition in order to ease the impact of draconian economic reforms without a complete reversal of policy. The new president's background in international banking may help him get a better grasp of Panama's need to be sensitive to the opinions of international financial markets. Finally, the United States no longer needs waive its big stick to secure the attention of Panamanian leaders. Washington can influence Panamanian developments through the great influence America exercises with the International Monetary Fund and other international lending institutions. But help foster stability and the U. S. has a special responsibility to underwrite and support movement toward economic growth and structural reform in a country, which it has treated as a colony from the outset. It remains to be seen whether Washington will live up to the challenge.

BETTING THE FUTURE

Post-military rule political developments indicate that democracy in Panama meets the criteria of democratic consolidation identified by Juan J. Linz and Alfred Stepan. In their minds democracy is consolidated when no major social group seeks to achieve power through extra-constitutional means. Democracy is consolidated when it is "the only game in town" (Linz and Stepan, 1996:5). Panama's democracy scores fairly well in the qualitatively area as well. As Stepan argues, vibrant, high quality democracy is one that includes a democratic constitution that "respects fundamental liberties which include, among other things, considerable protection for minority rights" (Stepan, 2001:216). Despite the fact that the country's political landscape is characterized by "fragmentation and the pursuit of personal and family interests," Panama's political system is open, highly competitive and "no significant group is denied access to the political process" (Millett, 1996:93). Yet the political system has been unable to deal with grinding poverty, rising violence, drug trafficking, and pervasive corruption. For example, the 2004 *Comparative Corruption Index* gives Panama a low score of 3.7. The index scores countries on a 0-10 scale (0 most corrupt, 10 least corrupt). Despite some efforts, poverty is still pervasive. The 2004 UN Human Development Report (HRD) reports that between 1990 and 2002, an average of 7.2 % of Panama's population lived on \$1 per day and 17.6 % on \$2 per day. The same source indicates that in the same period 37.3 % exist below the national poverty line (204.147). All these render the country's democratic political system "suspect...whose legitimacy is increasingly questioned." But bitter experiences with military rule provide little support for an alternative to the present system. In Millett's words, "few [Panamanians] want a return to the past, and the great majority clearly prefer a peaceful political

process to one dominated by force and violence” (Millett, 1996:102). In other words, despite its failure to deal with the country’s vexing problems democracy is the only game in town because there is no better alternative.

Panama’s history, however, is conditioned more by external than internal factors. A combination of such factors appears to be lurking around. The September 11 attack on the twin towers has elevated security to new heights. The Bush Doctrine of preemptive attack is designed to hit potential enemies in their genesis by striking at them in their home base. Strengthening the capacity of local security organizations, including the military, is also an integral part of the Washington’s anti-terrorist strategy. The strategic importance of Panama makes the country indispensable to the success of the Bush Doctrine. R. Evan Ellis reveals that the administration of President George W. Bush has signed a secret executive agreements with allowing the U.S. to set up and maintain anti-terrorist forces on Panamanian soil (Ellis, 2004: 187-196). In addition, developments connected with the guerilla activities in neighboring Colombia add to the security equation. Rafael Pardo reports that Colombia’s two guerrilla factions, FARC and ELN, have merged and have set up bases in Panama and use them as staging ground for their effort to take over the Colombian state (Pardo, 2000:64-74). These, along with rising violence and increased drug trafficking in Panama, may prompt Washington to take steps to strengthen the capacity of Panamanian security forces to fight terrorism and domestic violence. Bringing back the Panamanian military, in one form or another, may be part of that effort. One should not forget that the country’s military was abolished shortly after independence, was reinstated in the 1950s, only to be abolished again in the early 1990s. Bringing it back would neither be not out of character nor without historical precedent.

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