

PANAMA IN WORLD WAR 2 – INSIDE PANAMA

While the US had an interest in protecting the western hemisphere as a whole, if only for the purposes of its own security, its defence of Panama was primarily intending to protect the Panama Canal which, at the start of the war, was still seen as fundamental to the security of the US.

Unlike most of the other Latin American states which contributed, to a greater or lesser extent, towards defence of the hemisphere, and hence themselves, broke off relations with the Axis states and declared war (in some cases, eventually and reluctantly)¹, hosted bases for US forces and received Lend Lease aid, Panama did not actively contribute to the war effort in the sense of having its armed forces involved.² It had no army³, navy or air force⁴, and the National Police was solely concerned with internal security (and, as we shall see, politicking). It received no Lend Lease aid. One Panamanian woman, a nurse, Lieutenant Emilia Isabel Pacheco, who had joined the US Army as a nurse and earned fame in Normandy and after, is said to be the only Panamanian woman to actively participate in the war.⁵

¹ In January 1942, an emergency inter-American meeting was held in Rio de Janeiro which failed to establish a binding commitment and instead produced a weak resolution instead, encouraging the various governments to break off relations with the Axis. At that time, it was not clear who would win the war, and several countries with traditionally strong ties to Germany and Italy (notably, Chile, Argentina, and to some extent Brazil) were reluctant to risk these relationships by taking the wrong side: <https://digitalcommons.fiu.edu/etd/2458>

² Whereas, by Autumn 1940, bilateral military staff conversations had occurred with almost every Central American, South American, and Caribbean republic, Panama was absent from these arrangements, it being suggested that this was because it would deal directly with the Commanding General of the Panama Canal Department.

In 2011, a Panamanian newspaper named a number of Panamanians said to have been in the US Army during the invasion of Normandy in 1944: <https://www.panamaamerica.com.pa/opinion/panama-honra-sus-heroes-en-la-segunda-guerra-mundial-691910>

³ Panama itself had had no army since 1904 (and thus, in effect, relied on the US to provide defence of both Canal and the Republic), and the US Army had a continuing low opinion of the quality and dependability of its only “defence”, the National Police, who numbered around 1,500 by 1942 – and the equipment allocated to it reflected this.

⁴ In mid-1942, the obsolete P-26A fighters that the USAAF still had to hand were just in the way and it was proposed that they be “loaned” to the Panama Defense Forces (on the understanding they were not to be returned). However, Panama lacked the budget to fund a fighter squadron or train the pilots required – and with the US commitment to defence there was no practical need (and they were eventually supplied to Guatemala).

⁵ <https://portal.critica.com.pa/archivo/dominical/relatos.html>

There was no question of Panama remaining neutral should the US become a belligerent. Indeed, Panama quickly reacted to the attack on Pearl Harbor, in fact managing to declare war on Japan even before the US itself.⁶ Following this, on 8 December 1941, the National Assembly adopted Resolution No.1 which referred to the commitments in the 1936 Treaty and stated that the Republic would use all means at its disposal to cooperate in the most effective way in the defence of the national territory and the Canal, and would not cease until the dangers had been eliminated. The state of war was extended to Italy and Germany on 10 December⁷, and a decree on 11 December ordered the expulsion of the consuls and vice-consuls of the three Axis countries.⁸

What the US wanted from Panama most of all was stability, plus a cooperative regime. It welcomed the deposing of the inconvenient President Arnulfo Arias Madrid in 1941, though it took no active part in the act, despite this paving the way to obtaining the additional defence sites in the Republic that it needed. The internal unrest that affected Panama during the latter stages of the war did not generally affect the Canal Zone or the operation of the bases in the Republic. However, it was indicative of what developed in the immediate postwar, and was a major factor in the US losing access to all those bases by the start of 1948.

THE STABILITY OF THE REPUBLIC

Just how stable Panama was during this time is debatable. Since a successful coup in 1931, the conservative ruling elite that had hitherto led the country had been replaced, albeit (as it turned out) temporarily by those drawn from the middle class, but the rebels had soon fallen out, splitting into separate camps, each with their own armed supporters. The candidate facing Arias Madrid in 1940 withdrew from the Presidential election in the face of violence⁹, and in the background the National Police slowly increased its power and role as

⁶ Which had to formally wait until a Congress vote the following day.

⁷ Law No.104 of 10 December 1941.

⁸ Decree 100 of 13 December 1941. On 22 December, immigration from countries occupied by the Axis states was prohibited.

⁹ Despite having his own militia, the *La Guardia Cívica Nacionalista* (Nationalist Civic Guard), the former *La Reserva Nacionalista* (Nationalist Reserve) of 1932.

the biggest of the armed groups – so that, by the late 1940s, its commander had become the “kingmaker”, removing and selecting Presidents, and in the 1950s its commander would become President himself.

It might be argued that the more extremist policies of the government, and the rise in importance of the National Police, was aided by a change in US attitude. Until the 1930s, the threat of US intervention (as allowed under the 1903 Treaty to maintain good order in Panama, and hence the security of the Canal) had been plain, and in 1928 the then Secretary of State had reiterated the US Government refusal to countenance illegal changes of government. However, that same year the US declined to intervene during the elections that made Florencio H Arosemena President – bringing in an administration noted for its corruption – and one to be toppled in the 1931 coup.¹⁰ Subsequently, the US stood aside when the successful coup took place, and then, in 1933, President Roosevelt set out his idea of a “Good Neighbor” policy for relations with Latin America.¹¹ That same year, at the Seventh Inter-American Conference in Montevideo, the US expressed a qualified acceptance of the principle of non-intervention; adopting this principle without reservation in 1936.¹²

After a short-term interim President (the same man who would stand aside during the 1940 election), a new election in 1932 had seen Harmodio Arias Madrid (brother of Arnulfo) elected. However, as the 1930s went on, and the effects of the Great Depression were felt, the nationalist element (which would be led by Arnulfo – though they were to fall out, with Harmodio not opposing his brother’s removal from the Presidency in 1941) used the National Police to gain and retain power, and compensate for their own inability to govern effectively.¹³ The argument is that, by doing so, the Presidents in the 1930s transformed the force into an institution capable of dominating politics in the same way as US troops had before; making it the decisive force in Panamanian politics and, in doing so, established a precedent for the future military regimes that dominated the country after World War 2,

¹⁰ <http://countrystudies.us/panama/11.htm>

¹¹ <https://history.state.gov/milestones/1921-1936/good-neighbor>

¹² <http://countrystudies.us/panama/11.htm>

¹³ In 1936, for example, President Harmodio Arias Madrid incorporated his own 300-man *Guardia Cívica* (Civic Guard) into the National Police.

and only ended with the ousting of Manuel Noriega (ironically, of course, by means of a US military intervention in 1989).

In 1931, a report¹⁴ (commissioned by the President who was soon to be deposed) had noted nepotism and the exchange of jobs and contracts in return for political support, with payrolls granting family members and friends multiple government posts (sometimes as many four per person).¹⁵ As if to illustrate that this remained the norm, when De La Guardia replaced Arias Madrid in 1941, his administration saw a number of his friends and relatives in important positions.

A NEW TREATY AND A NEW RELATIONSHIP

In 1936, a new Treaty¹⁶ was negotiated which would amend the terms of the 1903 original and alter the relationship between the US and Panama. However, opposition in the US Senate, and from the US military, meant that the new Treaty was not ratified by the US until 1939, and perhaps only then due to the threat of war.¹⁷

In essence, the changes contained in the new Treaty sought to reposition Panama as a partner instead of what had appeared to be, in effect, a vassal state (and a “protectorate”).¹⁸ Whilst it did address some of the concerns and complaints of the Panamanians, it did not wholly stem the anti-Americanism that helped Arias Madrid win the Presidency in 1940, especially given the delay in its being ratified.

¹⁴ The Roberts Report (or the *Investigación Económica de la Republica de Panamá* - Economic Research of the Republic of Panama): <https://www.laestrella.com.pa/nacional/publicando-historia/220130/politica-migratoria-informe-roberts>

¹⁵ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

As an example of nepotism and favouritism, at the Panama Conference of Latin American states from 23 September 1939, the Panamanian delegation was led by Juan Domóstone Arosemena, brother of then President Arosemena.

¹⁶ Aka the Treaty of Friendship and Cooperation, better known as the Arias-Roosevelt or Alfaro-Hull Treaty.

¹⁷ There were, in fact, four separate treaties. The main one, and one concerned with highways, would be ratified, two conventions that sought to allow Panama greater freedom in radio transmission on the isthmus encountered vigorous opposition from the War Department and were not put into effect.

¹⁸ Under the 1936 Treaty the US also gave up the right to intervene in Panama to maintain public order:

<https://apps.dtic.mil/sti/pdfs/ADA319357.pdf>

<https://digitalcommons.fiu.edu/cgi/viewcontent.cgi?article=3672&context=etd>

The Roosevelt administration had sought a more conciliatory approach, and something more akin to a partnership with Panama, alongside its “Good Neighbor” policy for relations with Latin America.¹⁹ Indeed, it has been pointed out that the Canal Zone and the Philippines are the only two US territories in which federal sovereignty has ever been relinquished.²⁰

The new Treaty abrogated the 1903 Treaty provisions relating to the US guarantee of the Republic's independence and the US right of intervention in the country.²¹ It substituted negotiation and the purchase of land outside the Canal Zone in place of the former of rights of expropriation. A dispute over the annual annuity payable by the US was resolved (Panama had stopped accepting payments in 1934 due to complaints over its valuation). Various business and commercial provisions of the new Treaty dealt with longstanding Panamanian complaints – for example, private commercial operations unconnected with Canal operations were to be forbidden in the Canal Zone²² and free entry into the Canal Zone was to be provided for Panamanian goods, with custom houses at entrances to the Zone to regulate the entry of goods whose ultimate destination was in the Republic.²³

Of importance, in the light of wartime events, the final draft of Article X of the new Treaty supported the concept of joint responsibility for security, but underscored the right of both the US and Panama to take unilateral action in an emergency –

In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality of the

¹⁹ In 1931-32, following the coup, a nationalist movement allowed Harmodo Arias Madrid to become President, and he visited Washington in 1933, meeting Roosevelt and coming away with a commitment to review the 1903 Treaty. After 110 meetings in 1934-36, the 1936 Hull-Alfaro Treaty was signed – although, as we have seen, it took until 1939 for the US Senate to ratify it: https://www.jstor.org/stable/175020?read-now=1&seq=1#page_scan_tab_contents

²⁰ <https://www.fedbar.org/wp-content/uploads/2016/06/Panama-Canal-Zone-pdf-1.pdf>

²¹ The US military intervened in Panama twice during the period between the wars. In 1921, naval squadrons demonstrated in April on both sides of the Isthmus to prevent war between Panama and Costa Rica over a boundary dispute (the Coto War of 21 February to 5 March). In October 1925, strikes and rent riots led to the landing of about 600 US troops to keep order and protect US interests: https://www.marines.mil/Portals/1/Publications/Panama%20Study_2.pdf

²² Though, as we shall see, this did not prevent the operation and redevelopment of an airline terminal at Albrook Field.

²³ <http://www.czbrats.com/treaty77/1936.htm>

However, the US Senate was reluctant to accept the amendments, such as the new Treaty providing that, in the event of any threat to the security of either country, joint measures could be taken only after consultation between them. Only after an exchange of diplomatic notes clarified that Panama was willing under to permit the US to act unilaterally, did the Senate give its consent on 25 July 1939.

Panama Canal, the Governments of the United States and the Republic of Panama will take measures of prevention as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government, will be the subject of consultation between the two Governments.

In order to ensure that the US Senate finally ratified the Treaty, in February 1939, the Panamanian government made two concessions –

- The US Army could carry out manoeuvres in Panamanian territory; and
- The US could take unilateral defence measures to protect the Canal if there was not enough time to consult with the Panamanian Government.²⁴

BENEFITS AND DOWNSIDES OF THE WAR

While Panamanians at home were not directly involved in the war, they obtained some benefit, such as from the construction programmes undertaken in the Canal Zone and throughout the Republic, new or improved highways, and improved employment opportunities.²⁵ On the other hand, like other Central American and Caribbean places, they also suffered the deprivations caused by shortages of food and other supplies, with rationing, black outs, censorship etc, in addition to the fears of an actual attack.

The US Navy had responsibility for censorship of telecommunications in both Panama and the Canal Zone during the war, employing some 50 Panamanians in an examination station located next to the All-American Cable Office in Balboa in the Canal Zone. There was also supervision of telecommunications by US forces' personnel at cable offices in Panama City – Panama was the only country in the region that permitted such an arrangement. Censor

²⁴ <https://www.laestrella.com.pa/nacional/publicando-historia/220731/ventajas-tratado-arias-roosevelt>

²⁵ Unemployment was practically non-existent in 1940, but the end of the war and the developments undertaken by the US during the war would see it reach 22,000 by 1950. Between 1944 and 1948, the gross product of Panama increased at an average annual rate of 5.5%, but after 1948, there was a severe recession – put down to what were seen as unsound government policies and political instability, together with a sharp decline in Canal Zone commercial activities.

Stations were in Balboa and Cristobal, and virtually all Panama and Canal Zone surface mail went to and from Cristobal (the port at the Atlantic end of the Canal), which was also the International Post Exchange for rerouting of surface mail. Later, when it was found that some airmail was bypassing censorship²⁶, a further substation of Balboa was set up in David in the province of Chiriqui . Almost all airmail for Panama and the Canal Zone passed through Albrook Field, a scheduled stop for all airlines operating between North and South America, with Balboa responsible for censorship – with some airmail being examined at Cristobal in 1943.²⁷ All censorship ended on 15 August 1945.

The inflow of US dollars and increased demand caused by the war, with thousands of imported workers, led to a rise in domestic production, with, for example, that of milk, sugar and slaughtered cattle almost doubling between 1939 and 1945.²⁸

The large amounts of supplies required for the expanded garrisons of the Canal Zone and other bases, including the increased Canal workforce and civilians involved in the construction programmes, resulted in greater quantities coming directly from outside the country, rather than being supplied via merchants in Panama. In March 1942, the Ambassador to the US was instructed to everything he could to reduce such direct purchases, which adversely affected local merchants and commission agents who had supplied the goods previously. In reality, of course, it would have been impossible to obtain in Panama all the quantities and types of supplies required by the US Army. At the time, the bonded warehouses in Panama City and Colón were already providing all they could, and there was no additional space.

During the war, the Central American states suffered, with the cost of living soared by more than 700% in Nicaragua, 200% in Honduras, 100% in El Salvador and around 75% in Costa Rica and Guatemala. This was the result of the loss of markets (such as the European coffee market) and investment, the impact of the war on shipping (in particular the Caribbean U-

²⁶ Passing through Puerto Armuelles and airmail passing through David.

²⁷ <http://www.canalzonestudygroup.com/Issue60.pdf>

²⁸ *Latin America during World War II* by Thomas M Leonard & John Bratzel (Rowman & Littlefield, 2007).

boat campaign and the US having taken over the banana-carrier vessels), and shortages, including in petroleum products and automobile tyres.²⁹

In Panama, a committee appointed by the Government reported that the cost of living increased by 150% between the end of 1940 and July 1942. However, after price controls were introduced, it was reported that between August 1942 and December 1944, an official cost of living index recorded just a 10% rise.

Even before the Pearl Harbor attack, in April 1941, the original Price Control Commission had been established, this later being replaced. In December 1941, a Supply Commission and a Cost of Living Investigating Commission were created to carry out studies and make recommendations. Then, the Office of Control of Imports, Prices and Supplies was set up in July 1943 and could fix maximum wholesale and retail prices for food staples – including rice, sugar, fish, potatoes, eggs, beef, milk and pork. However, violations are said to have been widespread. Control over rents in Panama City and Colón was authorised in December 1943.³⁰

Panama was more reliant on imports than many other Latin American countries, particularly where foodstuffs were concerned. The expansion in the population of the Canal Zone in wartime, as well as the increased employment opportunities and higher wages combined to fuel inflation, which was exacerbated by shortages of supplies. In addition, levels of food supplied from the interior fell, as workers migrated to the cities and Canal Zone to seek better-paid employment.³¹ On the other hand, many Panamanians employed in the Canal Zone were able to benefit from subsidised prices at the Commissaries there

However, only a few commodities were rationed in the Republic of Panama³² – actual rationing being limited almost entirely to car tyres (and inner tubes) and petrol. The first

²⁹ *Latin America During World War II* edited by Thomas M Leonard & John F Bratzel (Rowman & Littlefield, 2007).

³⁰ *Economic Controls and Commercial Policy in Panama* (United States Tariff Commission, 1946).

³¹ Between 1940 and 1945, more than an eighth of individuals productively employed in Panama were working in the Canal Zone.

³² There was also rationing in the Canal Zone, administered by the Canal Zone Rationing Board (which dealt with tyres, automobiles, and bicycles), and by the Canal Zone Gasoline Rationing Board. Until April 1944,

regulations, from February 1942, were concerned with tyres. In addition, to conserve those tyres already in use, new lower maximum speeds were set. The restrictions were tightened further in May 1942, and an Office of Tire and Tube Inspection was established.³³ Rationing of petrol began in October 1942, with a Gasoline and Tire Rationing Office being set up.³⁴ Regulations successfully restricted the consumption of petrol to 40% of that consumed in 1941. In September 1944, the Gasoline and Tire Rationing Office was authorised to control the distribution of other petroleum products, including kerosene, diesel oil, fuel oil and asphalt.³⁵

Panama also adopted various other controls to stabilise the domestic economy and as part of its war effort. These included moves to block the flow of funds to Axis countries and their nationals³⁶, and export and re-export controls to preserve essential supplies and to prevent materials reaching hostile countries.

Already, in 1940, all duties, except consular fees, had been abolished on imports of all construction materials into Panama, including lumber, cement, zinc, nails, paint and steel. Then, in 1942, as part of a programme to help control prices, the rate of import duty on many food products were reduced (on many items, by 80% or more) or eliminated altogether, in 1941.³⁷ This was done under emergency powers granted to the Executive in 1941³⁸ and, shortly afterwards, price controls were introduced for most of the items involved. However, from 1942, duties on a few products were increased, the most important of these being alcoholic beverages.

typewriters were controlled by the Office of Price Administration: Annual Report of the Governor of the Panama Canal for the Fiscal Year Ended June 30 1944 (US Government Printing Office, Washington, 1946).

³³ Executive Decree No 35, May 1942.

³⁴ Executive Decree No 39, September 1942.

³⁵ Executive Decree No 474, September 1944.

³⁶ This had been agreed by the American Republics at the Rio conference in January 1942. In fact, Panama had imposed such controls in respect of Japan the day after the Pearl Harbor attack by Executive Decree No 13, December 1941. Four days later similar controls were imposed in respect of the other Axis countries, as Panama declared war on Italy and Germany on 12 December. An Alien Property Custodian was established to take possession of, and administer, properties of Germany, Italy and Japan.

³⁷ Duty was completely removed on imports of products including canned meats, bacon, powdered milk, cheese, eggs, fresh vegetables, canned soup, soda crackers and fruit juices (Executive Decree No 26, February 1942).

³⁸ Law No 41 of 1941.

In April 1942, Executive Decree No 190 prohibited, “for the duration of the emergency”, the export and re-export (except to the Canal Zone) of food products, construction materials, machinery, hardware, drugs, chemical products, rubber and rubber manufactures, paper and paper products, bottles, soap, kerosene, vegetable fibres, and related products. For three years, from August 1942, the export of coconuts was restricted to ensure adequate supplies of coconut oil for the domestic soap industry.

As in other countries, the Panamanian Government encouraged farmers to increase production and replace missing imports. A National Institute of Agriculture had been established by a pre-war administration, and it oversaw improvements, including irrigation projects and establishing cooperatives. The Government also arranged with landowners to parcel out land to small farmers, with 91,400 acres (37,000 hectares) being distributed between 1942 and 1944. There was also a Decree that would compel landowners to cede to farmers any land remaining uncultivated.

In late 1941, the US-based Office of the Coordinator of Inter-American Affairs developed a study on fish production, processing, and marketing in Panama.³⁹ Its 1943 report confirmed the value of Panamanian waters.

Unlike other US allies, Panama did not receive any Lend-Lease funding but, on the other hand, the US did undertake large-scale public works projects – including roads⁴⁰ and a bridge over the Canal, which did much to modernise the country and boost the economy – although the benefit of some of the improvements were reserved for military use for the duration of the war.⁴¹ The US also provided the government of President De La Guardia, which replaced that of Arias Madrid in 1941, with weapons, boats, and other war materials, and established a permanent military mission to assist in training the National Police. Some

³⁹ *History of the Office of the Coordinator of Inter-American Affairs* (US Government Printing Office, 1947): https://pdf.usaid.gov/pdf_docs/Pcaab967.pdf

⁴⁰ These included the first highway across the isthmus, the first stage built in 1941, connecting the Madden Dam with Panama City, further extension all the way across to Colon was then deferred due to difficulties of jurisdiction (i.e. should the Army’s engineers have to build it), cost and utility. The 1936 Treaty had included a requirement for such a road linking the Madden Dam and Canal Zone. The first trans-isthmus road convoy was in April 1942, though not all of the route was paved.

⁴¹ *Latin America during World War II* by Thomas M Leonard & John Bratzel (Rowman & Littlefield, 2007).

of the weapons provided were soon put to work in putting down an attempted coup by a group of police officers and civilians in September 1943.

During the Winter of 1939-40, a survey had found that that the local labour supply was already "practically exhausted" and that about 12,000 workers would have to be recruited outside Panama. However, the Arias Madrid administration was opposed to permit large scale importation of foreign labourers, except from Spain or Puerto Rico (although the Government would later object to Puerto Ricans, in the form of US troops, being brought to Panama), neither of which was considered a suitable or practical source by the Canal and Army authorities. While the De La Guardia administration was somewhat less hard-line, as we shall see, it nevertheless had firm views of a discriminatory nature, particularly in respect of Puerto Ricans and West Indians.

In 1939, an estimated 12.5% of the Panamanian pre-war workforce was employed in the Canal Zone. These would be included in the 11,246 "Silver Roll" (local pay rate) workers, but by 1942 numbers on the Silver Roll would grow to 28,686. In fact, the number of workers employed in the Canal Zone, as well as the associated cities of Panama City and Colón in the Republic, would be so great that the Government complained about the scarcity of teachers and other skilled employees. On the other hand, it did try to take advantage of the situation by "strengthening" English language education in schools and emphasising vocational training in commercial and business administration so as to encourage the development of small businesses and to provide skilled employees for the increased number of commercial enterprises.

A 1945 report said that –

"...by 1940 the conditions of the Isthmus were similar to those that existed in the period of 1911-1915, great opportunities for well-paid work and an immense wave of immigration of foreign workers. This population flow began in 1937 when major defense works began in the Canal Zone... The attack on Pearl Harbor and the entry of the United States into the War gave new impetus to the work that was already being done in the Canal Zone, which resulted in a population of 125,000 people in Panama City and approximately 55,000 civilians in the Canal Zone".

However, the report also noted that the trend in 1940 had been reversed, with population levels seen to be reducing “*due to the effect of emigration that has had to begin when some of the work in the [Canal Zone] Area was suspended*”.⁴²

Early in 1940, the entry into Panama of a shipload of workers from Jamaica was sanctioned⁴³, and President Roosevelt gave his approval that April to 600 Jamaicans entering the Canal Zone to meet immediate labour requirements. At the same time, he instructed the War Department that future “importations” should be made in accordance with the racial requirements desired by the Panamanian Government and that an attempt be made to fill needs by recruiting workers in Spain, Puerto Rico, and Colombia. Recruiting offices would be opened in Costa Rica and Colombia and many other workers came from El Salvador. Although the workmen recruited on contract in neighbouring countries represented only a small proportion of the total employed, and civilian labour was accompanied by servicemen and Seabees⁴⁴, without them the labour situation would have been critical. During the expansion programmes for the defences, which continued into the middle of the war, labour always had to be carefully allocated and some projects, the transisthmian highway for example, were sometimes affected.⁴⁵

There were also irritants caused by the heightened security. Complaints were made about arrests by US soldiers of vehicles driving on Panamanian roads and, on one occasion, it was said that an official vehicle of the President had to use its siren to avoid being stopped at an Army checkpoint outside the Canal Zone. Another source of complaint were checks made on Panamanians making journeys by air within the country, who had to use Albrook Field, close to Panama City, which was an Army airfield within the Canal Zone.⁴⁶

⁴² <https://www.laestrella.com.pa/nacional/191115/censo-1940-fotografia-demografia-desarrollo-urbano-ciudad-panama>

⁴³ On 17 June 1942, the UK Secretary of State for the Colonies said in the House of Commons that “*So far as is known, no workers other than Jamaican have been recruited for employment in the Panama Canal zone. Recruiting in Jamaica is carried out in accordance with the terms of the International Labour Conventions relating to the recruitment of workers and the regulation of written contracts. Recruitment is supervised by the Jamaica Labour Department*”: <https://hansard.parliament.uk/Commons/1942-06-17/debates/4069685a-2789-4cef-8a8f-d4f5a17e1f57/LabourRecruitmentPanama>

⁴⁴ US Navy engineering battalions.

⁴⁵ <https://www.ibiblio.org/hyperwar/USA/USA-WH-Guard/USA-WH-Guard-12.html>

⁴⁶ The US was given full and exclusive jurisdiction over its own civil and military personnel in the new areas that were leased; as well as the right to arrest, try and convict anyone committing crimes against the safety of

In 1942, a dispute arose between the Panamanian Government and the US authorities over developments including a new passenger terminal at Albrook Field, the former arguing that the use of aerodromes in the Canal Zone for commercial purposes was not allowed under the 1903 Treaty. The US contended that the operations of Pan American and other airlines were “*directly and necessarily connected with the use, maintenance, sanitation, operation, or protection of the Panama Canal*”. The US also argued that such activities had been continuing for 12 years without complaint. President De La Guardia was informed that the developments were, in fact, a wartime emergency requirement, and that anyway Panama was ill-suited for commercial aviation.⁴⁷

Panama’s large merchant shipping fleet suffered, with several vessels lost even before December 1941, despite Panama’s neutrality. See below for more on these losses.

All civil aviation in Panama was grounded at the outbreak of war, and would remain so for the duration, and it was decided that virtually every airworthy aircraft in Panama would be impressed for use with the US Army Air Corps (USAAC)⁴⁸ as happened in the US.⁴⁹

The cities at either end of the Canal, Panama City on the Pacific and Colón on the Caribbean, were outside the limits of the Canal Zone. However, they were both important to the people of the Zone, such as for entertainment and for R+R for sailors and soldiers, including those in transit through the Canal. They were also seen as something of “safety valves”, where activities prohibited or frowned on in the Zone could take place without affecting the serenity of the “little America” of the Canal Zone. Indeed, it was said that the value of the “vices” in the cities was worth more than the actual direct financial aid provided by the US.

the installations involved (except that any Panamanian citizens had to be handed over to the Panama authorities for trial and punishment). However, subjecting Panamanians who arrived at Albrook Field from David to interrogation violated Article 40 of the Constitution, which stipulated that any person could freely transit through the territory of the Republic – and after constant demands from the Panamanian Government were measures relaxed by order of the Governor of the Canal Zone.

⁴⁷ *US-Panamanian Relations Since 1941* by Lester D Langley (Journal of Interamerican Studies and World Affairs, Vol. 12, No. 3, July 1970), Cambridge University Press: https://www.jstor.org/stable/175020?read-now=1&seq=1#page_scan_tab_contents

⁴⁸ The USAAC would become the US Army Air Force (USAAF) in late 1941.

⁴⁹ Journal American Aviation Historical Society, Spring 1974.

Downtown Panama City became a popular spot for US servicemen during the war, and the block on Central Avenue across from the train station and Plaza Cinco de Mayo was the location of the two most famous cabarets in Panama City - *The Happyland* and *Kelly's Ritz*,⁵⁰ as well as the Rio Abajo red light district in Panama City.^{51 52}

In Colon, there was the Coconut Grove club on Balboa Avenue, which also staged the same kind of shows as the nightclubs in Panama City. However, the term "Coconut Grove" said to apply to a whole district in Panama City, and not just one club.⁵³

During the war, Panama became famous for "marinades", a term describing when hundreds of US servicemen landed in Panama City and/or Colón, looking for alcohol, sex etc after weeks or months at sea.⁵⁴ One description described "*Drunken soldiers routinely attacked taxi drivers, police, bartenders, waitresses, and even ordinary Panamanian shoppers*".⁵⁵

During the war (and before and after it, for that matter), the US Army sought to regulate its soldiers contact with the population of Panama, and this included the arrest and screening of Panamanian women as "venereal disease suspects"⁵⁶, and it mounted aggressive campaigns that led to prostitutes from other countries being deported⁵⁷, quarantine and treatment requirements and the establishing of red light districts.⁵⁸ The military authorities barred US personnel from off-limits bordellos due to their high rates of VD (as well as because of the risk of crime, particularly robbery and assault of drunken GIs or Navy personnel).

⁵⁰ <http://www.panamahistorybits.com/article.asp?id=2011-07-15>

⁵¹ Ibid.

⁵² Things were much the same postwar and, by 1951, it was estimated that throughout Panama City there were more than 250 brothels, among which were famous sites such as, "the Blue Grotto, the Villa Amor, the Ancon Inn, the Golden Key, the Tropical Coffee, the Fenix Coffee and La Gloria", located in towns such as "Chilibre, El Coco, Capira, Cativá, Río Abajo and La Chorrera": <https://www.laestrella.com.pa/nacional/211218/antigua-zona-canal-region-frontera>

⁵³ <http://www.panamahistorybits.com/article.asp?id=2011-07-15>

⁵⁴ http://www.panamayestadosunidos.com/prueba_la-segunda-guerra-mundial.html

⁵⁵ <https://www.laestrella.com.pa/nacional/211218/antigua-zona-canal-region-frontera>

⁵⁶ <https://read.dukeupress.edu/books/book/90/chapter-abstract/101421/Medicalized-States-of-WarVenereal-Disease-and-the?redirectedFrom=fulltext>

⁵⁷ Various Mexican newspapers and magazines from 1940 to 1943 carried stories claiming that Mexican dancers were being taken to the Canal Zone, to work in cabaret bars and to also offer sexual service to US servicemen: <https://muse.jhu.edu/article/840205/pdf>

⁵⁸ <http://exhibits.domains.uflib.ufl.edu/TheDigging/>

The US military labelled Panamanian women as having “*purported racial proclivities for dirt, bacteria and seduction*” and were likened by health officials to malarial mosquitoes and even Axis agents. Posters and other publicity led to the cities of Panama being perceived as “*sites of...corruption and greed*”, and this only stoked the anti-American feelings and fuelled nationalist demands.⁵⁹ In Panama, prostitution was tolerated⁶⁰ and there were “call houses” in the larger cities. It is said that prostitution was not considered socially abhorrent in and organised prostitution was looked upon as legitimate business enterprise.

From time to time, the Panamanian authorities sought to close down establishments – a measure said to be complicated by their ownership by powerful local businessmen and National Police officers.⁶¹

It was said that the Panama Government did not cooperate in either the suppression or repression of prostitution. Conferences were held between Canal and Panamanian officials, but these proved to be non-productive. The Canal authorities had a legitimate involvement as, under the 1903 Treaty, its Health Department was responsible for the prevention and control of infectious and contagious diseases in the cities of Colón and Panama City.

Catering for the needs of US servicemen is said to have represented “commercial activity” which, in the year 1945 was said to be worth more than \$6 million “in prostitution and vice”, this being \$4 million more than the foreign aid provided by the US Government to Panama that same year.⁶²

⁵⁹ *Bioinsecurities: Disease Interventions, Empire, and the Government of Species* by Neel Ahuja (Duke University Press), 2016: <https://collections.nlm.nih.gov/bookviewer?PID=nlm:nlmuid-101705278X1-mvpart>

⁶⁰ It is legal today, but with mandatory health checks for the women involved, who must carry their health cards.

⁶¹ *Decentering America* by Jessica CE Gienow-Hecht (Berghahn Books, 2007).

⁶² *Decentering America* by Jessica CE Gienow-Hecht (Berghahn Books, 2007).

THE QUESTION OF RACE AND NATIONALITY

According to the data contained in the 1940 census⁶³, Panama had the smallest population in the Americas – with 622,576 inhabitants, and was one of the three least densely populated. It was estimated that 33.3% of the population resided in urban areas, with 27.5% concentrated in the cities of Panama City, Colón and David, an increase of 4% compared to the census of 1930.⁶⁴ In the province of Panama, 72% of the population lived in urban areas, an increase of 50% compared to 1930, having risen to 111,893 inhabitants. In 1940, races were recorded as follows: white 26,906; black 38,770; mestizo 103,393; and others 2,980. A US publication in 1942 pointedly said that “only about 75,000 are white; 75,000 are Jamaican negroes; 5,000 “orientals”; and 50,000 are Indians” (by “Indians”, one presumes it meant indigenous peoples).⁶⁵

POPULATIONS OF COLÓN AND PANAMA CITY ⁶⁶		
	Panama City	Colón
1931-35	97,519	38,665
1936-40	118,450	46,774
1941-45	131,973	51,581

Given the “Jim Crow” discrimination employed in the Canal Zone in the pre-war and wartime years, it would appear somewhat hypocritical for the US to criticise the discriminatory policies and actions of the Arias Madrid government, the origins of which could be tied to a narrow nationalist view, and the experience of Panama in the 1930s.

⁶³ This was first Population Census carried out on a single day, registering not only the population that usually resided in the country, but also all individuals who had spent the night before in the territory of the Republic on 7 September. It was also the most expensive until then, at \$154,626.25. The results were not published until 1945 (so would not reflect the effects of wartime developments).

⁶⁴ <https://www.laestrella.com.pa/nacional/191115/censo-1940-fotografia-demografia-desarrollo-urbano-ciudad-panama>

⁶⁵ At the time of the 1930 census, 53% of the population was *mestizo*, 17% of European origin, 15% “negro”, 9% “Indian” (i.e. indigenous), 5% mulatto and 1% “oriental”. Determination of “race” until 1950 was not by self-declaration but by the opinion of the pollsters who carried out the census.

⁶⁶ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Pearcy (University of New Mexico Press, 1968).

The 1931 Roberts Report had said that there was a need for an immigration policy, and had recommended an influx of workers to supplement the native labour force, particularly of those experienced in farming techniques. It suggested preference be given to those used to the climate, customs and crops already in Panama, and preferably Spanish-speakers. It mentioned Puerto Rico as a potential source.⁶⁷ However, this did not fit in with the manifesto that Arias Madrid stood on in 1940, which was blatantly nationalist, and during the war there would be difficulties in having the Panamanian Government accept even Puerto Rican soldiers of the US Army, even if restricted to the Canal Zone. In one aspect the Roberts Report fitted in with the policies of the wartime governments, as it did not favour abolishing the restrictions on the entry of West Indians and, “Asian” (presumably meaning Chinese) incomers were also considered undesirable.⁶⁸

At least until after World War 2, official discrimination against certain racial groups was also routine in Panama. The right of the Chinese and West Indian community to become Panamanians was questioned. As early as in 1904, just a year after the formation of the Republic, a law declared these as races of prohibited immigration, a status that was reinforced by successive laws and culminated in the 1941 Constitution that denied citizenship to those races.

While Panamanian law gave citizenship to any person born on Panamanian soil, and hence, in the 1930s the first generation of West Indians born in the Republic became Panamanian citizens, attempts were made to contest their citizenship rights. In 1928, a constitutional amendment sought to deny citizenship to the West Indians born in Panama until adulthood, leaving a large number without nationality. As the effects of the Depression affected the country nationalists denounced the large presence of “foreigners” in the country, principally those they considered incompatible with the Panamanian culture, meaning the Chinese and the West Indians.⁶⁹

⁶⁷ At the time, Puerto Rico had three times the population of Panama, but a territory only one-ninth in size.

⁶⁸ <https://www.laestrella.com.pa/nacional/publicando-historia/220130/politica-migratoria-informe-roberts>

⁶⁹ The situation was not helped by the fact that, in 1932, of 17,407 workers on the Silver Roll in the Canal Zone, there were 10,115 West Indians and just 4,474 Panamanians. The Governor was even quoted as saying that “we have very few Panamanians of the lower classes who measure up to the average West Indian”: https://www.cidempanama.org/files/2011/04/4-06-Race-Ethnicity_Marixa_Lasso.pdf

In 1934, a Law⁷⁰ imposing restrictions on non-Panamanian involvement in domestic trade appeared to be aimed principally at Chinese, Japanese, East Indian, Syrian, Levantine (what would now be described as Lebanese), French, Italian and Spanish merchants. Despite modification, the Law was declared unconstitutional by the Supreme Court – but by then it had already caused many businesses to be closed. A 1941 Law introducing a four-tier licensing system, and a 15-year residence requirement, for businesses in Panama was similarly intended to squeeze out non-Panamanians and, as a result, large numbers of Chinese⁷¹, Japanese and others were forced to liquidate their business, and many to leave the country.⁷²

Tensions inevitably led to confrontations, with riots breaking out in labour camps in the Canal Zone, with allegations of the Canal authorities favouring those workers of West Indian origin (there was some evidence to support this), and confrontations continued into 1942.

In 1945, Pancho Arias (no relation to Aria Madrid) and his *Renovador* Party broke with the past in calling for the anti-West Indian laws to be revoked and by organising the community for elections in 1946. An old-fashioned liberal, he believed in equality of opportunity and welcomed those of West Indian descent (now called *criollos*), but while his untimely death in 1946 kept him from winning the Presidency, his party continued to enjoy the support of the *criollos* until it split in 1960.

However, though things would gradually improve after the war,⁷³ an indication of the situation is that an immigration Law in 1948 imposed more stringent requirements on

⁷⁰ Law No 70 of 1935.

⁷¹ The main accusation levelled against the Chinese before World War 2 concerned their controlling of retail commerce, and indeed their share of 38.34% ranked as a close second to the 38.88% to the Panamanians: https://www.cidempanama.org/files/2011/04/4-06-Race-Ethnicity_Marixa_Lasso.pdf

⁷² Where this was possible. For the Japanese in particular it was near impossible to leave. British subjects were given until 24 March 1942 to liquidate their holdings. However, the enforcement of the Law was later relaxed somewhat, and did not appear to be applied generally to US citizens.

⁷³ Ironically, in the late 1940s Arias Madrid courted the black vote, directing resentment against Zonians instead. Such was his success, by 1968, about half of the West Indian origin community was voting for him.

African Americans and other “prohibited peoples” (including English-speaking blacks) than other visitors.⁷⁴

1940: THE WORST FIRE IN THE HISTORY OF COLÓN

As if the effects of the war were not enough of a problem, on 13 April 1940, the largest fire in the history of the city of Colón broke out⁷⁵, reportedly caused by the charcoal fire of a washerwoman setting alight a basket of drying clothes. The conflagration continued into the early hours of the following day, with many of the buildings of the city built of wood and with the inferno made worse by strong winds.⁷⁶

Additional firefighting equipment and firefighters were sent by rail from Panama City (as there was then no road between the two cities), with US firemen from the Canal Zone, as well as the tugboats of the Canal Company, eventually being involved.⁷⁷

In all, it destroyed about a third of the city, and 283 buildings over an area of 23 city blocks with losses were estimated at around \$500,000. In April, the New York Times reported that 10,000 inhabitants had lost their homes, with hundreds of wooden-framed tenements destroyed.⁷⁸ However, despite the intensity of the fire there was no loss of life or serious injuries.⁷⁹

In the aftermath of the fire, the US Army, with the assistance of the American Red Cross, provided tented accommodation for many victims. The US Army set up field kitchens and other support came in the form of beds, clothing, food and other essentials (including sanitary units of latrines, baths and wash basins) that were to continue to be provided for

⁷⁴ The requirements included a \$500 security deposit (to guarantee departure) and a 30-day maximum visit duration: <https://archives.nypl.org/scm/20916>

⁷⁵ The city had a record of fires, with the first being during the Colombian Civil War in 1885, with another massive fire in 1915, which again destroyed much of the city. The New York Times estimated the losses in the 1915 fire at \$3.5 million, with 465 houses destroyed and 11 people killed. Here too, the US Army played a large part in the rescue and recovery process.

⁷⁶ <https://www.elistmopty.com/2018/04/sucedio-un-dia-como-hoy.html>

⁷⁷ The *Tavernilla* and the *Favorite* were used to pump water from the Bay of Limón.

⁷⁸ <https://www.nytimes.com/1940/04/14/archives/10000-lose-homes-in-fire-at-colon-windswept-flames-consume-hundreds.html>

⁷⁹ For the British Pathé newsreel coverage of the fire, see <https://www.britishpathe.com/asset/47436/>

some three years, well into the war. The city council wanted those receiving aid to perform public works in return, but the American Red Cross, which was administering support for the victims, protested. The Municipal Engineering Division of the Panama Canal assisted in the clean-up.

THE COMING OF PRESIDENT ARIAS MADRID

When hostilities broke out in Europe in September 1939, John Demostenes Arosemena Barreatti was still President, with elections due in 1940. However, he died on 16 December and was briefly succeeded by Ezequiel Fernández Jaén, who was his Second Vice-President, until the first Vice-President, Augusto Samuel Boyd, Panamanian Ambassador to the US, could return to Panama. Boyd was to serve to 1 December 1940.

At the Panama Conference of Latin American states in September 1939, called to agree a position on the matter of the new war, the position of President Arosemena had been to support the US position, hoping to use such cooperation as leverage to gain concessions. Already the threat of war had already helped convince the US Senate to finally ratify the 1936 Hull-Alfaro Treaty, and he had demanded that its provisions be implemented as soon as possible. However, his successor following the elections in 1940 would take a different approach. In the meantime, during his interim Presidency, Boyd continued to support US efforts to improve its military position, and made efforts to distance Panama from the Axis powers. For example, Panama recalled its ambassador from Italy, sought to continue diplomatic relations with the exiled governments of German-occupied countries, and reduced its representation in Berlin

The US feared (rightly, as it turned out) a rise to power of populist Arnulfo Arias Madrid. For this reason, it had the USAAC fly Boyd, back to Panama to take up office. US officials hoped that Boyd would provide a *“stumbling block to Arias in the 1940 election”*.

However, Boyd did not attempt to block Arias Madrid. In retrospect, a State Department officials noted that –

*“Boyd virtually assured the election of Arnulfo Arias in the most recent presidential election by permitting the National Police and other government agencies to overawe and intimidate the electorate in favor of Arias”.*⁸⁰

Dr Arnulfo Arias Madrid was a politician, doctor and writer who served as President on three occasions – from 1940 to 1941, 1949-51 and for 11 days in October 1968.⁸¹ His brother was also a President, for 13 days in January 1931 and from 1932 to 1936, but the brothers fell out during the 1930s, leading Arnulfo to run for the office himself.⁸²

From the 1920s, despite studying medicine in the US (including at Harvard), he had led the nationalist Patriotic Communal Action (*Acción Comunal*) organisation, opposed to US influence. He was what is known as a *mestizo*⁸³ and came from a poor family in the provinces.

In 1931, Arnulfo led the coup that overthrew the government of President Florencio Harmodio Arosemena - the first successful coup in Panamanian history, and which placed his brother Harmodio in the office⁸⁴. He subsequently served in cabinet and diplomatic posts during the rest of the 1930s. Following the coup, Arnulfo became an overnight hero and champion of the masses, having seemingly dealt a blow to the oppressive Panamanian oligarchy.⁸⁵

⁸⁰ *Latin America During World War II* edited by Thomas M Leonard & John F Bratzel (Rowman & Littlefield, 2007).

⁸¹ It has been said that Arnulfo Arias was elected to the Presidency at least three times after 1940 (or perhaps four or five times if, as many believe, the vote counts of 1964 and 1984 were fraudulent), but he was never able to serve a full term: <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

⁸² It is said that Harmodio urged the US Embassy to move against his brother: <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

⁸³ A term that originally referred to a person of combined European and indigenous American descent, regardless of where the person was born. The term was used as an ethnic/racial category for mixed-race castes that evolved during the Spanish Empire.

⁸⁴ The first successful *golpe de estado* (coup) in Panamanian history, which overthrew the government of President Florencio Harmodio Arosemena.

⁸⁵ *The Legacy of the Three Presidencies of Arnulfo Arias Madrid* by Sandra Blackman (Loma Linda University Electronic Theses, Dissertations & Projects, 1985): <https://scholarsrepository.llu.edu/cgi/viewcontent.cgi?article=1539&context=etd>

He had supported the campaign of Juan Demóstenes Arosemena in 1936, and this led to him being appointed Extraordinary Envoy and Minister Plenipotentiary in the countries of Denmark, England, Sweden, Germany and France. He settled in Paris until 1939, while he carried out this mission. During his time in Europe, he witnessed the fascist ideologies of Italy and Germany and became very interested in these social movements and is said to have tried to study them closely. In 1939, he returned to Panama and ran for the Presidency of the country leading an alliance of parties that made up the National Coalition. He made his anti-American stance one of the bases of his platform. As well as what was portrayed as the commercial exploitation of the country, Arias Madrid and his allies could point to Article 136 of the Panamanian Constitution as evidence of the country's second-class status.⁸⁶

He was elected President by a landslide in 1940, at the age of 39, helped enormously by his opponent having withdrawn in the face of threatened violence.⁸⁷ He headed a mass movement known as *Panamefismo* whose essence was nationalism, which in Panama's situation meant opposition to US hegemony.⁸⁸ Arias Madrid aspired to rid the country of non-Hispanics (which meant not only North Americans, but also West Indians⁸⁹, Chinese, Hindus, and Jews). To the US he also seemed susceptible to the influence of Nazi and fascist agents.

Like previous Presidents in the 1930s, he needed the support of the National Police, but many in the force resented his interference and dissension grew. In June 1941, a US State

⁸⁶ Article 136 of the Panamanian Constitution of 1903 granted the US the right to intervene in any part of the Republic in the event the public peace was disturbed. Article 136 had often been invoked by the party in power to control the actions of the opposition and was also instrumental in establishing a precedent for a Panamanian military to later intervene in political matters:

<https://scholarsrepository.llu.edu/cgi/viewcontent.cgi?article=1539&context=etd>

⁸⁷ Dr Ricardo Alfaro, co-author of the 1936 Treaty and interim President following the 1931 coup, had headed a coalition of liberals and socialists. Arias Madrid and his supporters had instigated a series of disorders incited which caused Alfaro to be discredited and to withdraw from the race, with his supporters boycotting the election: <https://scholarsrepository.llu.edu/etd/535>

Alfaro would return as foreign minister under Arias Madrid's successor, helped to draft the 1942 bases agreement, and resigned in protest over plans to grant the US what he regarded as excessive control over the sites postwar.

⁸⁸ Among the consequences of his campaigns, banks such as the National City Bank and Chase National Bank found themselves compelled to move their offices to the Canal Zone:

<https://scholarsrepository.llu.edu/etd/535>.

⁸⁹ The US refused to deport the West Indians and other non-Hispanics. A distinction was made by the Arias Madrid government between West Indian blacks and what were termed Jamaicanos-Americans.

Department memo said that “*it is very probably that a large part of the police force would revolt against the present government if promised American backing*”.⁹⁰ In an attempt to counter opposition in the police, he created a separate secret police service, the *Policia Secreta Nacional*, in June 1941.⁹¹ Its charter made it independent of the National Police, answerable only to the President and the Minister of Government.⁹² At the same time, Arias Madrid tried to weaken the National Police while strengthening his private militia.⁹³ This only added to the distrust and resentment.⁹⁴

As the war in Europe progressed, Arias Madrid maintained neutrality, and refused to break off diplomatic relations with the Axis countries. On 18 October 1940, Hitler sent him a telegram, congratulating him on assuming the Presidency.⁹⁵

During his year of government, the conservative Constitution of 1904 was repealed and the new Constitution of 1941 was promulgated (see more below). It also saw the Social Security Fund created, the laws of the family patrimony being established, Balboa paper money being (briefly) issued, a female identity card first issued and women being granted the right to vote.⁹⁶

Panamanians who elected Arias Madrid did so expecting changes in the distribution of the national wealth. Many were former members of *Accion Comunal*; teachers, shopowners, and government workers. Racially they belonged to the *mestizo* grouping. They were prepared for a takeover of businesses owned by what were seen as outsiders.⁹⁷

⁹⁰ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

⁹¹ Law No.72 on 18 June 1941.

⁹² Arias Madrid's success as future President, Ricardo Adolfo de la Guardia.

⁹³ *The Legacy of the Three Presidencies of Arnulfo Arias Madrid* by Sandra Blackman (Loma Linda University Electronic Theses, Dissertations & Projects, 1985):

<https://scholarsrepository.llu.edu/cgi/viewcontent.cgi?article=1539&context=etd>

⁹⁴ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

⁹⁵ *Ibid.*

⁹⁶ https://www.panamaviejaescuela.com/arnulfo-arias-madrid/?fbclid=IwAR1UbFenI4SCIRTjyb0a-C5LNj8XZ2A4HtbT5q5Tt8WVaDN46bd_Wq997GE

⁹⁷ *The Legacy of the Three Presidencies of Arnulfo Arias Madrid* by Sandra Blackman (Loma Linda University Electronic Theses, Dissertations & Projects, 1985):

<https://scholarsrepository.llu.edu/cgi/viewcontent.cgi?article=1539&context=etd>

The racist policies of the Arias Madrid administration will be covered in the section on the new Constitution. However, it can be said that the effective “nationalisation” of the country’s commerce through control of business licences, for the purpose of “reclaiming Panama for the Panamanians”⁹⁸, had racist overtones. For example, on 14 February 1941, the National Assembly passed a Law barring aliens from the operation of all retail businesses, with citizenship a prerequisite. While many establishments might be American-owned, also affected were the Chinese, Jews, and East Indians operated many grocery, dry goods, and general stores in towns and villages throughout the country. Of this group, the Chinese would be hardest hit.⁹⁹ The new Law also banned foreigners from operating as commission merchants and fuel distributors.¹⁰⁰

Even without his less cooperative approach to the need for additional defence sites, the US had concerns.¹⁰¹ In 1941, an official memorandum sent by the US Ambassador described the situation in Panama under Arias Madrid as follows –

“what has developed in Panama is about as near an approach to Hitlerism as the characteristics of Latin Americans and the peculiar circumstances affecting Panama could be expected to permit”¹⁰².

In 1941, Life Magazine carried an article in which it was said that, after his election in the previous Autumn, the new President had adopted a strong nationalist, "Panama for Panamanians" policy, and it said that he did not seem disposed to help the US.¹⁰³

The President also replaced the motto *Pro-Mundi Beneficio* motto in the national emblem and replaced it with the theme, *Honor, Justicia y Libertad*. The new theme rejected the

⁹⁸ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

⁹⁹ A 1950 guide to the Canal Zone emphasised the very tight immigration restrictions of both the Canal Zone and the Republic which applied to Chinese persons.

¹⁰⁰ <https://scholarsrepository.llu.edu/etd/535>

¹⁰¹ Eventually, in March 1941, Arias Madrid softened his hitherto firm stance and agreed to the US terms for additional defence sites outside the Canal Zone – although it would take until May 1942 for a formal agreement to be signed by the successor administration.

¹⁰² <https://scholarship.richmond.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=2131&context=masters-theses>

¹⁰³ <http://www.czimages.com/CZMemories/Lifemag/lmindex.htm>

concept of Panama as a country of transit and commerce, this being regarded as a stigma that had plagued the nation since colonial times.¹⁰⁴

As we have seen, the prime US concern was for the stability of Panama, and the new President's policies and attitudes had caused alarm. The US Government concluded that Arnulfo Arias Madrid would have to go. In May 1941, the Office of Naval Intelligence (ONI) concluded that –

*“the present conditions are considered dangerous to the security of the canal and it is believed that they should be corrected as soon as possible. A local revolution to throw out the crooked pro-Axis officialdom would be preferable to intervention by US forces”.*¹⁰⁵

In fact, it was the US Army chief of intelligence in the Canal Zone who advised the Minister of Government and Justice, Ricardo De La Guardia, that Arias Madrid had left the country.¹⁰⁶ Ernesto Jaen Guardia, the Second Vice-President, was sworn in as the new President, and the First Vice-President Jose Pezet, whose views too closely resembled those of Arias Madrid, was jailed.¹⁰⁷

Article III of the Constitution did not permit the President to leave the country without permission, and his departure on a visit to Cuba allowed National Police officers to have appointed the pro-American businessman, and Minister for Government, De La Guardia as President. This appointment received rapid approval from the US.¹⁰⁸

Aria Madrid would eventually go into exile in Mexico and Central America, returning in October 1945.

¹⁰⁴ *The Legacy of the Three Presidencies of Arnulfo Arias Madrid* by Sandra Blackman (Loma Linda University Electronic Theses, Dissertations & Projects, 1985):

<https://scholarsrepository.llu.edu/cgi/viewcontent.cgi?article=1539&context=etd>

¹⁰⁵ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

¹⁰⁶ *The Legacy of the Three Presidencies of Arnulfo Arias Madrid* by Sandra Blackman (Loma Linda University Electronic Theses, Dissertations & Projects, 1985):

<https://scholarsrepository.llu.edu/cgi/viewcontent.cgi?article=1539&context=etd>

¹⁰⁷ Ibid.

¹⁰⁸ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

However, it is worth noting that, while the successor administration was more disposed to dealing with the US, the inherent anti-Semitism appeared to continue in the government under the following President La Guardia.

A NEW ADMINISTRATION

The new President reversed much of what Arias Madrid had begun, and on 11 December 1941, a US official in Panama reported that –

“The new administration...immediately set about tearing down the totalitarian-like institutions set up by his predecessor...The Arias-inspired organizations and innovations, such as the Cacahorros de Urraca and the Civic Service Law, were done away with, while freedom of the press was completely restored. The Civil Attaché of the German Legation, undoubtedly the most dangerous Nazi element in Panama, was expelled; the pro-Nazi Panamanian Minister in Berlin was dismissed; the pro-Nazi propagandist, Julio Argain, was expelled; and other Nazis...left the country, ostensibly of their own accord”.¹⁰⁹

While De La Guardia generally inherited the cabinet of his immediate predecessor (and brother-in-law), the former Second Vice-President Ernesto Jaén Guardia, his own former post of Minister of Government and Justice went to his brother, Camilo De La Guardia, and his brother-in-law, Jaén Guardia, was appointed Ambassador in Washington.

An early move, aimed at further improving relations with the US, was an Executive Decree of 20 October 1941, which revoked the Resolution of the previous Government that had prohibited the arming of Panama-flag merchant ships.

With the US undertaking its Third Locks Project and the construction of many new installations and highways, the cement industry was bound to flourish. In 1941, President de la Guardia appointed his friend and political ally (and former interim President 1939-40),

¹⁰⁹ *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

Augusto Boyd as director of a new cement plant. This would eventually become *Cemento Panama SA*, by the 1960s one of the country's seven largest businesses.¹¹⁰

In 1943, a US State Department memo titled "Nepotism in Panama" said that "*most Panamanians believe that too many Government positions are being given to members of the favored de la Guardia and Estripeautl families*".¹¹¹ The most visible example of this was probably in the National Police. Not only was its second-in-command, Remón Cantera, the President's friend and collaborator, its commander was another personal friend (as well as a member of one of the country's elite families), and, as already mentioned, the Minister of Government, who was responsible for the force was the President's brother, Camilo.¹¹²

In November 1941, the US Ambassador reported that supporters of Arias Madrid had attempted a counter-coup, with the intention of installing exiled Third Vice-President Anibal Rios (who would subsequently resign the position on 13 December).

A Civil Defense Commission was created, and a National War Censorship Board was appointed, with preventive measures also taken in respect of radio communications. The Government imposed censorship on radio and cable communications and intensified surveillance "*of all elements that constitute or may constitute a threat against the common interests of Panama and the United States in the security of the Panama Canal*".

Due to difficulties encountered or expected in maritime and land communications, the Government decided to promote aviation, and entered into a contract with the TACA airline to undertake the carriage of passengers and mail, as an alternative to, and complement to Pan American.

It should not be thought that the new administration was that much less authoritarian or nationalist than the one it replaced. For example, with the cooperation of the Ministry of

¹¹⁰ Ibid.

¹¹¹ Estrpeaut was the maiden name of the President's wife.

¹¹² *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

Education, a Disciplinary Body was formed “*aimed at awakening the awareness of duty in our youth and preparing them to serve the Homeland, in any emergency*”. It also endorsed Law 24, which had effectively displaced non-Panamanians from the retail sector.

However, the administration did remove some of the restrictions imposed by the Arias Madrid government. It ended the ban on newspapers publishing sections in English, ended the scheme requiring students to carry out community work for six months, and dismantled a youth movement called *Cachorros de Urracá* which had involved some 5,000 children aged 10 to 16.

Efforts were made to improve conditions in the interior, with the Bank for Rehabilitation and Urbanisation created to address “*the growing need to provide the working classes with comfortable, hygienic and ventilated housing that is rented to them for a reasonable fee and that offers them a decent way of life to which they have a right*”. The Government also invested in roads, at the same time as the US was also building highways.

Initially popular, by as early as mid-1942 voices were raised calling for a replacement. In November 1941, the US Ambassador had reported dissatisfaction among those who had supported the coup against Arias Madrid, and that many collaborators of the former President remained in high positions, contending that the government’s stability depended on the support of the commanders of the National Police. There were also calls for the 1941 Constitution to be reformed, though De La Guardia appeared determined to maintain it.¹¹³

In January 1943, when the National Assembly reconvened, there were allegations of bribery and fears of moves to bring back Arias Madrid. While this crisis passed, in 1944 there was growing opposition to the administration on several fronts. It was alleged that De La Guardia was seeking means to remain in power, there were student protests and, in September, five followers of Arias Madrid were arrested and charged with subversive activities.

¹¹³ The Ambassador also described de la Guardia as “*an honest, sincere man, a hard worker, who wants the good of his country*”, while criticising the obvious nepotism.

Faced with such opposition, as 1944 came to a close, De La Guardia dissolved the National Assembly and then suspended the Constitution, which only provided ammunition to his opponents, being portrayed as evidence of the truth of the allegations made against him.

As explained elsewhere, the President attempted to resolve the situation with a Constituent Assembly, which would lead in due course to a new Constitution that would be adopted in March 1946. However, in early 1945, meeting in secret, a majority of members of the National Assembly denounced him as a dictator and called for his dismissal, selecting their own would-be replacement.¹¹⁴ There was a general strike amid rising tensions, including reports of bombs having been planted in the cars of some US Army officers, as well as one being discovered at the home of the Minister of Government and Justice, the President's brother. In March, there was an attempted uprising by supporters of Arias Madrid in Colón in which six people were killed.

The Government continued to rule by decree and, in May 1945, elections were held for the Constituent Assembly, which then elected Enrique Adolfo Jimenez Brin as the new President. However, it would be June 1945 before De La Guardia formally resigned.

Jimenez Brin was a prominent political figure and had been President of the National Assembly on several occasions, as well as a Vice-President of the Republic in 1920 and 1932. During his short time in office, Tocumen International Airport was built, and the Colón Free Trade Zone created. The airport in Colón is named after him.

However, the country was still unsettled and, on 21 December 1945, supporters of Arias Madrid rallied at key points in Panama City and Colón. They set fires in Colón (only then recovering from the disastrous major fire in 1940) and set off fire alarms in Panama City to cause confusion. It was planned to take officials hostage and call for the President to stand down. However, the National Police foiled the attempt, although the police headquarters in Colón was partially destroyed. Arias Madrid was arrested – spending several months in jail.

¹¹⁴ <https://www.britannica.com/place/Panama/World-War-II-and-mid-century-intrigues>

The new regime would also be responsible for the unsuccessful and unpopular agreement with the US for the retention of at least some of the wartime bases in the Republic, culminating in the abortive Filós-Hines Agreement of 1947. Although he attempted to withstand the protests against the agreement, ordering the suspension of individual rights, the protests paid off and the National Assembly rejected the Treaty.¹¹⁵ As a result, the US would pull out of all of the bases in the Republic by early 1948. Nevertheless, despite all his difficulties, Jimenez Brin remained in office until 7 August 1948, after a new President had been elected (in a poll tainted by allegations of irregularities and fraud) in May.¹¹⁶

Jimenez Brin had been impeached by the new National Assembly on 12 July, with a Provisional President having been appointed. However, the Supreme Court was to rule the impeachment unconstitutional, allowing him to remain in office.

A NEW CONSTITUTION

The new Constitution was the pet project of President Arnulfo Arias Madrid. He presented it to the National Assembly on 17 October 1940, after only 16 days in office. The Constitution would see power concentrated in the hands of the President whose term, along with that of members of the National Assembly, would be extended from four to six years, so that his term would have ended in 1947 instead of 1945.

Unlike its predecessor and its successor, this Constitution did not evolve through use of an elected assembly, but rather was drafted by a select committee of jurists.

The racist and authoritarian elements of the new Constitution contrasted with some other developments of the same year. On 5 October, women were able to vote for the first time, and Law 23 in March had established the Social Security Fund, with its greater protection for the working classes.

¹¹⁵ The upheaval of 1947 was instigated in large measure by university students. Their clash with the National Police, in which both students and policemen were killed, marked the beginning of a period of intense animosity between the two groups. The incident was also the first in which US intentions were thwarted by a massive expression of Panamanian nationalist anger: <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

¹¹⁶ https://www.biografiasyvidas.com/biografia/j/jimenez_enrique.htm

There were other seemingly progressive provisions contained in the new Constitution. It laid down the basis for family law; placing the family under the protection of the state. It did this by providing for equal rights for spouses and recognised the equality of duties of parents for both legitimate and natural offspring (in a country where almost 65% of births were out of wedlock). It also provided for laws protecting motherhood and childhood and the moral, intellectual and physical development of childhood and youth. For workers, the right to strike was enshrined, together with a number of other rights and protections. After all, as well as being something of an outsider from the political elite, Arias Madrid was a populist, as well as a nationalist, and owed his political success, in large part, to popular support. He could also point to the Constitution ending Panama's constitutionally-mandated status as a protectorate of the US.¹¹⁷

A very short-term result of the new Constitution was the issuing of new paper money denominated in Balboas (the Panamanian currency). The original 1904 Constitution had established the US dollar as the currency in circulation in the country. The new 1941 Constitution enabled a new monetary system. There had been several attempts to introduce banknotes in the past but, in 1941, a new Central Bank of Issuance was established, and an issue of banknotes to the value of 6 million balboas (\$6 million) was to be made. The new notes went into circulation on 2 October 1941. However, on seven days later, on 9 October, Arias Madrid was deposed and Law 29 of 30 December 1941 formally ended the new currency's legality, giving holders 10 years to exchange the banknotes for their nominal value.

It has been said that the worst thing about the new Constitution was that it prohibited the immigration of people of "*the black race whose original language is not Spanish, the yellow race and the original races of India, Asia Minor and North Africa*" and stripped tens of thousands of people of their citizenship retroactively. Thus, all Panamanians born after May 1904 to Chinese, Turkish, Syrian or Antillean fathers and mothers, even if born in the Republic,

¹¹⁷ <http://countrystudies.us/panama/51.htm>

were to be stripped of their nationality. Many of these had had full citizenship since 1925. Around 51,000 people born in Panama would lose their citizenship.¹¹⁸

A former President, Ricardo J Alfaro¹¹⁹, had criticised not only the content of the new Constitution, but the way it had been drafted, presented, discussed and approved. Nevertheless, the first debate in the National Assembly lasted only four days (with the most controversial and racist Articles approved in a day on 31 October 1940, with only six Deputies having voiced opposition¹²⁰), after which President Arias Madrid gave orders that the second debate would end in the following five days. Hence, on 22 November, barely a month after the draft Bill had been laid before it, the National Assembly declared the new Constitution of 189 Articles to be approved. Within a week, Arias Madrid had signed a Decree by which he granted himself "the supreme representation of the State" and called for a plebiscite on the new Constitution on 15 December. Despite this not being constitutional, and two Supreme Court judges resigning, the result of the eventual vote was in favour, and on 30 December, the National Assembly formally adopted the new Constitution, to come into force on 2 January 1942.

In October 1941, the National Police mounted a successful, and bloodless, coup and removed Arias Madrid from office. However, while the 1941 Constitution remained in force, the new Administration focused more on cooperation with the US, abandoned the nationalist policy espoused by Arias Madrid, and concentrated largely on the defence of Panama and the Canal.

In 1946, having already suspended the 1941 Constitution, President De La Guardia promulgated a new one¹²¹, which was basically a return to the 1904 Constitution but without Article 136 (allowing the right of intervention on the part of the US). This "new" Constitution was to last for 26 years – except for a few months in 1949-51 when, after the

¹¹⁸ <https://publicandohistoria.com/2018/04/01/un-grave-problema-etnico/>

¹¹⁹ President 1931-32, serving as an acting President after the 1931 coup. He was joint author of the 1936 Treaty with the US, as well as the 1942 bases agreement, and he had stood against Arias Madrid in the 1940 election, but had withdrawn the face of the tension and violence engendered by his opponent's supporters.

¹²⁰ <https://publicandohistoria.com/2018/04/01/un-grave-problema-etnico/>

¹²¹ https://www.organojudicial.gob.pa/uploads/wp_repo/blogs.dir/cendoj/CONSTITUCIONES_POLITICAS/constitucion_politica_1946.pdf

National Police had installed Arias Madrid as President once more, the former President revived his 1941 Constitution, only to be overthrown again amid rampant corruption.¹²² Thus the 1946 Constitution remained in place throughout the unsettled 1950s and early 1960s, and until the 1968 military coup (following which 11 constitutional guarantees, including those providing for freedom of speech, press, and travel, were suspended for several months, with some were not restored fully until after the adoption of the 1972 Constitution).¹²³

ROUNDING UP THE ENEMY ALIENS

In 1941, there were estimated to have been around 2,000 German nationals in Panama¹²⁴, 750 Italians and 400 Japanese. Of these, the most obvious were the Japanese. The *Chicago Tribune* reported in 1940 that Japanese made up a visible part of the population of Colón on the Atlantic coast and some individuals even resided inside the Canal Zone.¹²⁵ Japanese-owned businesses were common in Panama – for example, there were 47 Japanese-owned barber shops in Panama City and Colón. One of these barber shops in Panama City was, in fact, owned by a Japanese who was, in reality, a Commander in the Imperial Japanese Navy. A Japanese man also owned a large store in Panama City, and encouraged amateur photography with a photography club and offered attractive cash or camera prizes for the best pictures each month of subjects in the Canal Zone – a fairly blatant intelligence-gathering ruse. Photography was eventually to be prohibited in the Canal Zone from June 1941.

Amid rising international tensions (and the policies of the Arias Madrid administration) Japanese-owned businesses had already been told that they had to close by 28 October

¹²² https://www.panamaviejaescuela.com/arnulfo-arias-madrid/?fbclid=IwAR1HIm4qtcCdRVHSws9Tuql-PoUn2dBDe7r1oS1Xtp6zMmk_D9Z7pt5qKLA

¹²³ <http://countrystudies.us/panama/51.htm>

¹²⁴ Panama was rated as having minor or insignificant German influence or activity for the purposes of the German's plans for such things, Operation *Bolivar*. Although there were. Of course, genuine German espionage efforts targeting the Canal and its traffic: https://military-history.fandom.com/wiki/Operation_Bol%C3%ADvar?file=Operation_BOLIVAR_World_War_II_Latin_America.png

<https://www.fbi.gov/history/famous-cases/duquesne-spy-ring>

¹²⁵ <http://www.discovernikkei.org/en/journal/2018/4/26/japanese-internment-panama/>

1941. Meanwhile, the Panamanian Government had agreed that following any action by the US to intern Japanese residents, it would arrest those Japanese on its territory and intern them on the island of Taboga. In fact, within 20 minutes of the announcement of the Pearl Harbor attack, the authorities began rounding up Japanese and German aliens in the country and, once rounded up, they were turned over to US authorities, and transported into the Canal Zone for internment.¹²⁶

On 10 December 1941, the National Assembly authorised the Executive to take the precautions required for the security and defence of the Republic. The National Police received an order to collect and intern all the citizens of the countries with which Panama was at war. At the same time, other people "*of recognised totalitarian tendencies, and against whom it was necessary to take preventive measures*" were also arrested.

All those enemy aliens detained by the Panamanian authorities were handed over the US authorities for processing and internment. By 11 December 1941, Panama had detained 861 persons and turned them over to the US Army. Those to be detained included not just nationals of the Axis states, but also potential sympathisers of other nationalities (including naturalised Panamanians).

In 1942, a dispute arose when the Panamanian Government objected to the US military releasing some of the internees that had been picked up by the Panama authorities and delivered for internment. As a result, the US Army was ordered to continue to detain such internees, at least until a more permanent camp could be constructed. It has been claimed that the practice of releasing the internees angered the Panamanian authorities, who wanted the enemy aliens removed from the country.¹²⁷ So long as they remained in Panama there was still the chance they could be released, but should they be removed from the

¹²⁶ Figures quoted are 57 from Colon and 114 from Panama City. Added to these were around 300 Japanese detained in the Canal Zone itself.

¹²⁷ Eventually to Seagoville and "Camp Crystal" in Texas: <https://www.unive.it/media/allegato/dep/n9-2008/Saggi/Friedman-saggio.pdf>

The Crystal City internment camp in Texas has been described as a relief to those internees who had been held in camps in Latin America before being shipped north. Latin American camps and jails, including the US Army-administered Camp Empire at Balboa in the Panama Canal Zone, were said to be far grimmer.

country the Government could move to take possession of their unattended shops and farms.¹²⁸

Initially only males were deported from Panama to the US. However, from November 1942, a new recommendation was that whole families should be deported. This followed situations where wives and children left behind found themselves impoverished and a source of anti-American propaganda and resentment. However, other injustices also existed, such as when refugees produced documents to show that they had been in concentration camps or had otherwise been persecuted, it was not considered proof of innocence.¹²⁹ Of the 247 Germans taken to the US from Panama 1941-1945, 30 were Jewish, and of these five had spent time in Nazi concentration camps.¹³⁰

It is claimed that the influence of anti-Semitic officials in Panama is said to have made the regime especially eager to include Jews in those who were removed from the country, with the added bonus of then being able to sequester their assets and businesses. The Panamanian Government, especially under President Arias Madrid, is said to have adopted anti-Semitic policies and according to Latin American expert Richard Behrendt, fascist and anti-Semitic groups "*became very powerful*" in Panama - and "*some of them . . . remained in office*" after Arias Madrid was deposed in 1941. Whereas the Panamanian authorities are said to have quickly released local fascists and refugees of Czechoslovakian, Polish, and Italian origin, they kept German and Austrian Jews confined.¹³¹

¹²⁸ <https://scholarship.richmond.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=2131&context=masters-theses>

¹²⁹ It is reported that 81 Jews were noted to have been brought to the US from Latin America (*Undue Process: the Untold Story of American's German Alien Internees* by Arnold Krammer; Maryland: Rowman and Littlefield Publishers Inc, 1997).

¹³⁰ *Jewish Internees in the American South 1942-1945* by Harvey Strum (American Jewish Archives Journal), 1990: http://americanjewisharchives.org/publications/journal/PDF/1990_42_01_00_strum.pdf
They would have remained in internment until the end of the war, but the American Jewish Joint Distribution Committee and the National Refugee Service learned of their plight and pleaded their case to American military and civilian authorities. By the middle of 1943, the US Government reclassified most of the 28 American Jewish Archives Jews as internees-at-large who could live outside the camps for the duration.

¹³¹ http://americanjewisharchives.org/publications/journal/PDF/1990_42_01_00_strum.pdf

AGREEMENT FOR US BASES IN THE REPUBLIC

Once Arias Madrid had been removed from power progress could be made on a formal agreement for the many additional defence sites that the US military said it needed outside the Canal Zone. In May 1942, the US and Panama finally signed the Fábrega-Wilson Base Convention (and a parallel exchange of notes in Washington),¹³² allowing for the lease of what eventually became a total of 134 sites outside the Canal Zone to be used for the protection of the Canal, with the occupation of the sites to end one year after the end of the war.¹³³

Some of the defence sites were small areas for observation towers, searchlight or gun emplacements. Others were outlying uninhabited islands, and some were broad pastures or cleared jungle made into landing fields for aircraft – particularly fighters.

The largest base was at Rio Hato, and it was here, from about November 1943, that road blocks of an asphalt taxiway connection across the National (by now the Inter-American) Highway, were manned by members of the Policia Nacional. It was said that this was one of the few Panamanian contributions of armed personnel to the war effort, although the USAAF paid the officers' \$60 per month salaries.¹³⁴

The US was given full and exclusive jurisdiction over its own civil and military personnel in the new areas that were leased; as well as the right to arrest, try and convict anyone committing crimes against the safety of the installations involved (except that any Panamanian citizens had to be handed over the Panama authorities for trial and punishment). The agreements set the annual rent to be paid to private landowners, as well

¹³² The Twelve-Point Agreement of 1942, an understanding concerning the settlement of 12 outstanding problems in the relations between the two countries:

<https://history.state.gov/historicaldocuments/frus1948v09/d467>

¹³³ As we shall see, these were given all up in 1948 (after a dispute which also led to political unrest in Panama). This was despite a caveat in the 1942 agreement that, *"If within that period the two Governments believe that, in spite of the cessation of hostilities, a state of international insecurity continues to exist which makes vitally necessary the continuation of the use of any of the said defence bases or areas, the two Governments shall again enter into mutual consultation and shall conclude the new agreement which the circumstances require"*: <https://history.state.gov/historicaldocuments/frus1948v09/d467>

¹³⁴ American Aviation Historical Society Journal, Winter 2016.

the US agreeing to undertake the completion of the Pina-Rio Providencia highway and the Madden Dam¹³⁵ road bypass into Panama City.¹³⁶

Another matter was the subject of an agreement in 1941, and this was the question of Panamanian criminal jurisdiction over members of the US armed forces while they are in the Republic. Under the terms of an informal arrangement between the US Provost Marshall and the Commandant of the National Police, provision was made for joint patrols of Panamanian police and US military police (armed only with clubs and not firearms) to patrol certain areas frequented by US troops, for the delivery of arrested personnel to the US Provost Marshall under certain conditions, for the presence of US observers at trials and for various other arrangements intended to minimise the friction involved in such matters and to provide maximum protection to US personnel.¹³⁷

NO MORE TRAMS AND COMPELLING TRAFFIC TO DRIVE ON THE RIGHT

One of the side-effects of the war and the greatly increased traffic, commercial and military¹³⁸, was that the tram system in Panama City was suspended in May 1941. Though one can still see the rails in the streets of the old city, the service was never resumed.

The much greater amount of traffic, mostly involving drivers from the US, also spurred the Government to finally sort out the question of which side of the road was one supposed to drive on. Accidents had increased during the 1930s, as the number of vehicles began to increase.¹³⁹ An attempt had been made in 1936 to force the issue, and again as major roads

¹³⁵ In 1931, what became the Madden Dam was begun up the Chagres River near a small town called Alajuela. The dam was named Madden, after US Congressman Martin B Madden, Chair of the House Appropriations Committee, who played an important role in support of the project. The dam would not only help control the tremendous floods of the Chagres, but also hold water in reserve for periods when traffic through the canal was at its highest point: <http://www.panamahistorybits.com/article.asp?id=2012-01-05>

¹³⁶ Ibid.

¹³⁷ <https://history.state.gov/historicaldocuments/frus1955-57v07/d169>

¹³⁸ According to Ángel Rubio in his book, *Panama City*, by 1929 there were 6,886 motor vehicles registered in Panama, by 1935 there were 9,212, and by 1940 15,381 were registered. The increase continued, reaching 19,909 in 1949.

¹³⁹ Some of these accidents were said have been caused because the buses had the exit on the right side, risking the lives of the passengers, who had to get off in the middle of the road, owners of local buses having gone to considerable expense to modify US-built buses to suit local traffic patterns: <https://www.laestrella.com.pa/nacional/210123/automovil-transformaciones-llegada-panama-siglo>

were being constructed for the wartime expansion of defences.¹⁴⁰ There was also the question of what would happen when the planned Pan-American Highway reached the Panamanian border.

After some false starts, zero day was set for 15 April 1943, and new speed restrictions were introduced as a precaution. Official guidance was issued for drivers, including on what to do when meeting a car going the wrong way, and for pedestrians. Then, at 0500 on zero day, sirens and fire whistles sounded, and everything changed.^{141 142}

ONE WARTIME BENEFIT – NEW HIGHWAYS

At the start of the war mobility for US forces in Panama was hampered by the inadequate roads system. Before the Republic became a part of the defensive area for the Canal, there was seen to be little need for a comprehensive road system outside of the Canal Zone. This situation changed as the US acquired the defence sites in the Republic.

There had not even been a road inside the Canal Zone and across the narrow isthmus, so that, as we have seen, when Colón was ravaged by fire in 1940, equipment had to be sent by rail. The first seven mile (11.3 km) stretch of the Trans-Isthmian Highway (aka the Boyd-Roosevelt Highway)¹⁴³ opening in January 1942, with it being completed in December 1944 (but with traffic limited only to authorised military traffic).¹⁴⁴ Construction was the responsibility of the US Army Corps of Engineers. There were to be two roads, surfaced with reinforced concrete, and separated by a central island. For security reasons, no lighting was

<https://www.czbrats.com/Articles/left.htm>

¹⁴⁰ In fact, at the site of the Third Locks Project at Gatun traffic had to drive on the right-hand side of the road since 1941. When work had begun in 1940 it had been decided that the change would result in fewer accidents, as nearly all the truck drivers employed in the project came from the US:

<https://www.czbrats.com/Articles/left.htm>

¹⁴¹ There remains one street in Panama City, a very short but busy one known locally as “English Street”, where the flow of traffic means that that vehicles actually drive on the wrong side of the road in both directions.

¹⁴² <http://www.panamahistorybits.com/article.asp?id=2011-07-22>

¹⁴³ Augusto Samuel Boyd Briceño had been briefly President from December 1939, when President Arosemena died in office, serving until after the following elections and leaving office 1 October 1940. The Trans-Isthmian Highway was therefore begun during his short administration.

¹⁴⁴ This was the first transcontinental highway in the Americas, albeit that Panama is only around 40 miles (64 km) across at its narrowest point. In the modern form of the *Transistmica*, it continues in use today. The commitment to build the road arose from the negotiations over what became the 1936 Treaty.

provided. The usual problems with such construction projects in Panama were encountered – landslides, floods, as well as the effects of the heat and humidity on the workers.

In another major project, the US constructed the 61-mile (98.2 km) Rio Hato to La Chorrera link of what would become part of the Inter-American (or Pan-American) Highway.¹⁴⁵ This was completed in July 1942. Many other roads, and a swing bridge across the Canal¹⁴⁶, were other projects to be completed during the war.¹⁴⁷ At first, use of the new bridge was limited to official transportation but, when work on the Third Locks Project was suspended in early 1942, it was opened to the public.

The 1942 agreement for bases in the Republic had included a commitment for the US to construct two highways, which included an extension to the Trans-Isthmus Highway, with Panama to be responsible for their maintenance.

In all, 250 miles (402 km) of new highway would be built in Panama, at a cost of \$9 million. This was out of a total of 670 miles (1,078 km) of roads that were used in Panama during the war.

PANAMANIAN SHIPPING

Already, by the 1930s the Panama shipping register had provided something of a haven for US shipowners to avoid what they saw as onerous US responsibilities, such as regular boiler inspections, trades unions and high registration fees. Then, during the war, the US War Shipping Administration encouraged US-owned but sub-standard vessels to join the Panama register so as to be able to continue to support the war effort. In addition, interned vessels turned over to US shipping companies to operate could also end up on the Panama register.¹⁴⁸

¹⁴⁵ While after Pearl Harbor and during World War 2, accelerated work on the highway was a part of the war effort, with the ending of the war, US funds were curtailed and progress again slowed down until final completion of the Highway was only accomplished in 1967 (and then, famously, there is a gap, so that there is no road link between Panama and Colombia).

¹⁴⁶ Across the southern end of the Miraflores Locks (where the visitors centre can now be found).

¹⁴⁷ However, it would be the 1960s before a really substantial bridge, now called the Bridge of the Americas (the US originally called it the Thatcher Ferry Bridge, as it was built where the ferry service was located).

¹⁴⁸ <https://navalinstitute.com.au/rough-waters-sovereignty-and-the-american-merchant-flag/>

A website which lists losses to U-boats during the war records 82 Panamanian ships as being lost – with 78 ships sunk (416,682 tons) and 4 ships damaged (38,456 tons).¹⁴⁹

On 30 March 1941, President Roosevelt ordered the seizure of all foreign vessels lying idle in US waters, to prevent and avert damage being done to them or their machinery by their officers and crews. The largest was an Italian liner, *Conte Biancamano*, which was docked at Cristobal in the Canal Zone at the time.¹⁵⁰ Then, on 6 June 1941, Congress passed an Act, signed by Roosevelt, allowing the taking over of domestic or foreign merchant vessels “*for urgent needs of commerce and national defense, and for other purposes*”, and this new Act also applied in the Canal Zone.¹⁵¹ Dozens of foreign-flagged ships taken over by the US were subsequently reflagged out to Panama (by my count, 78).¹⁵²

Ships of the Axis countries retained by the US were eventually allocated to the US Maritime Commission, which in turn handed them on to the War Shipping Administration for operation, being assigned to various US steamship companies (under what was called a General Agency Agreement) and registered under the flag of Panama.¹⁵³

The Arias Madrid administration had resisted US pressure for the arming of Panama-flag vessels. However, once Arias Madrid was gone, an Executive Decree of 20 October 1941 revoked the relevant resolution, but Panama would not be responsible for losses and damage suffered by the private owners during the period of hostilities.

Many ships under the Panama flag would also carry a US Naval Armed Guard.¹⁵⁴

¹⁴⁹ <https://uboat.net/allies/merchants/search.php>

¹⁵⁰ <http://bdigital.binal.ac.pa/rdd/historicoview.php?ID=178321>

¹⁵¹ Ibid.

¹⁵² <http://www.usmm.org/foreign.html>

¹⁵³ <http://www.armed-guard.com/panama.html>

¹⁵⁴ The US Navy Armed Guard was a service branch responsible for defending US and Allied merchant vessels from enemy air, submarine or surface vessel attack during the war, serving mainly as gunners, signallers and radio operators. The service was disbanded soon after the end of the war: <http://www.armed-guard.com/>

An example of an interned vessel using the Panama flag was the SS *Africander*, an Italian ship of 5,441 tons that had been built in 1921. It was interned under the Executive Order in New York in September 1941 and was allocated to the Waterman Steamship Company of Mobile, Alabama. It had a Norwegian master and a crew of 35. It was attacked by German aircraft while on passage from Scotland to Archangel in Russia in September 1942 as part of convoy PQ18, while carrying cargo of machinery, and with six tanks and five aircraft as deck cargo. It was torpedoed and sunk, but all the crew survived, together with the 11-man contingent of US Navy Armed Guard manning its guns.

THE CONTINUED RISE OF THE NATIONAL POLICE

Several references have already been made to the activities of the National Police (*Policia Nacional*) during both the pre-war and wartime periods – none of which were particularly concerned with policing *per se*. As we have seen, they were playing an increasingly important role in supporting or even choosing administrations, and had becoming the strongest force in Panamanian politics, albeit (at the time) largely behind the scenes.

Panama's first President, Dr Manuel Amador Guerrero, under pressure from the US Consul and the commercial bourgeoisie, had disbanded the national army in 1904 and handed over its weapons to the US Army (also removing a potential rival power base). He then formed a relatively small military police corps in 1905, with very limited functions and little deterrent value. Then, in 1916, President Porras agreed to the police being partially disarmed, after a stand-off with the Canal Zone Police, losing their rifles and being left only with handguns – a situation that remained until the 1930s.

By the start of the 1930s the force was at a low ebb, with just 200 officers, and even seeing its own headquarters looted and records destroyed in one disturbance.

Then, in the 1930s, successive Presidents sought to instil more professionalism into the National Police, with better facilities, equipment etc. They did this as they increasingly depended on the force to maintain order and continue in power, more so with the threat of US military intervention having receded. It is said to "*have become the crucial force in*

quelling working class frustration and in restraining the inflamed middle class” and that the administrations used “the police to substitute for their own inability to form a united front capable of governing the nation”.¹⁵⁵

In a sense, the threat of US intervention was replaced by a threat of the use of the National Police. The Presidents also integrated their owned armed supporters into the force. In 1935, the National Police was completely overhauled, providing it with a solid and stable framework, instigating a new *spirit de corps*.¹⁵⁶ President Juan Demostenes Arosemena (1936-1939) then funded the modernisation of the force with weapons and training. The result was that, as mentioned already, the role of the National Police was crucial to the uncontested election of Arias Madrid in 1940.¹⁵⁷

The US encouraged and supported the rising political role of the National Police in the 1930s (notwithstanding the Roosevelt Administration’s “Good Neighbor” policy). It was seen by the US Government as a counterweight to the anti-Americanism of Panamanian nationalists like Arnulfo Arias Madrid.

However, as the war began, the US did not rate the National Police very highly, and did not see them as having a significant role in the defence of the country. They did, however, supply it with new equipment and weapons, and established a training mission in Panama City. A new Law in 1941 re-established the National Police as an independent organisation.¹⁵⁸

As we have seen, as President, Arias Madrid had created a new, and separate, secret police force (known as the PSN) more directly under his control.¹⁵⁹ It was under the ultimate

¹⁵⁵ *We Answer Only to God. Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1998).

¹⁵⁶ http://www.policia.gob.pa/Policia_Nacional.html?csrt=7774528428571360818

¹⁵⁷ *We Answer Only to God. Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1998).

¹⁵⁸ Law No.79 of 1941. It would later become the National Guard under Law 44 of 23 December 1953.

¹⁵⁹ The role of the PSN were said to be the pursuit and investigation of violations of the laws and crimes against institutions of the Government and of national security, though it also has the responsibility for providing security for the President and other important officials. It did not have a foreign intelligence or counter-intelligence function.

command of the President of the Republic and the direct command of the Minister of Government and Justice. This move was a contributory factor to discontent in the National Police. Nonetheless, the new force was maintained even after Arias Madrid himself was deposed in 1941.¹⁶⁰

The coup against Arias Madrid had been led by the deputy commander of the National Police (and future President), Colonel Jose Remon Cantera. It was said to have instituted a decisive change in Panamanian history and that "*never before had the police acted so publicly as the nation's power broker*".¹⁶¹

In the turmoil at the end of the war triggered by opposition to President De La Guardia, and the unrest caused by the failed Filós-Hines Treaty for continued use of US bases in the Republic, the National Police stepped in to fill the political void created by the confrontations. Jose Remon Cantera was seen to appoint and remove Presidents at will from 1948-1952, and then became President himself in 1952, underlining the fact that the National Police had become Panama's political overlord.¹⁶²

THE RETURN OF ARIAS MADRID AND POSTWAR UNREST

Panamanian students became increasingly politically active in the 1940s. For example, they led the protests against plans for continued postwar use of US bases in the Republic. They would prove to be both organised and combative through the late 1940s and into the 1950s and 1960s. Students had become an important factor in Panamanian political

¹⁶⁰ In 1958, a report requested from the US recommended that the word "Secret" should be removed from the title as the service was by then not "secret" in nature and the phrase was seen as being objectionable to many democratic and free people: *Report on the Police Forces of the Republic of Panama* by Herbert O Hardin, Chief, Latin America Branch, Public Safety Division, ICA/W, and John C. Neely, Public Safety Consultant, ICA/W (International Cooperation Administration, USAID, 1958).

¹⁶¹ *We Answer Only to God. Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1998).

¹⁶² *Ibid.* Despite Remon Cantera's assassination in 1955, the renamed National Guard continued its influence, bolstered during the Cold War by US military assistance and training. It would increase in size and, in 1968, a coup (said to be "tolerated" by the US) saw the Torrijos Herrera regime take power and the National Guard (renamed the Panama Defense Force in 1983) retain *de facto* power until the US invasion in 1989.

developments,¹⁶³ and this was boosted by the establishment of the National University of Panama in 1935, with the aim of helping to “preserve the Panamanian nationality”.

Group which had begun to organise in the 1920s movements consolidated their power during the authoritarian government of President De La Guardia. The Federation of Students of Panama, reconstituted in February 1944, with chapters in all the schools in the country, had an aim to be a civic force to “*combat reactionary forces that are invigorated by ignorance, perpetuated by political corruption and ferment social injustice*”. The Federation organised the First Youth Congress in December 1944, with more than 200 delegates. De La Guardia’s apparent ambition to stay in office led to student protests against an “*corrupt and undemocratic*” Government, and a 23-day strike in October/November 1943. The Government responded by expelling the student leaders, which only led to more protests. The secret police were sent to arrest those seen as the ringleaders but, after a scuffle, withdrew. The students then took to the streets, leading protests calling for the overthrow of the Government.

In response, on 29 December 1944, using an Executive Decree, the Government suspended the 1941 Constitution, called for a Constituent Assembly (to draft a new one) and declared the country to be in a “state of alert”. While most political parties accepted the Constituent Assembly idea, the students opposed it, forming the Patriotic Youth Front, which would have a leading role in political life in the postwar years. Shortly after, the Women’s Patriotic League was also formed.¹⁶⁴

Central to much of the disturbances and political turmoil at the end of the war and immediately after was the Filós-Hines Treaty, which would have permitted the US to retain some of the bases it had acquired outside the Canal Zone.

¹⁶³ Arias Madrid’s brother-in-law, as director of the National Institute, had given the President significant leverage with the youth of the capital. He encouraged his students to maintain a state of “constant rebelliousness” to check the spread of imperialism — and *not* to check the Administration’s activities in relation to government contracts, the poor, and other conditions.

¹⁶⁴ <https://www.laestrella.com.pa/deportes/hipica/221120/primeros-pasos-federacion-estudiantes-panama>

The new President Enrique Adolfo Jimenéz Brin, who had become President in June 1945 after De La Guardia had been removed (see below), had authorised the draft treaty allowing for the continued presence of at least some of the bases. This led to an angry, and armed, mob outside the National Assembly when it met in 1947 to discuss the treaty, which persuaded the deputies inside to reject the draft, and by early 1948 the US had evacuated all occupied bases and sites outside the Canal Zone.¹⁶⁵

Despite the political unrest, in 1946, a Carnival of Victory was held (said to have been the best in the history of carnivals in the country).¹⁶⁶ Christened "*La Victoria*", President Jimenez Brin later issued a Decree making the annual pre-Lent carnivals official, to be celebrated annually through the country. *La Victoria* also involved communities from the Canal Zone, the US forces and other clubs, societies and groups, with an estimated 56 floats taking part in the parade.¹⁶⁷

Again, regardless of the effect of the war, protests and political unrest, the 1940s would come to be seen as a decade of progress for Panama. It saw the first Panamanian airlines (including COPA, which continues to this day), the establishing of the Colon Free Zone, introduction of the Social Security system, and women being given the vote. Panama also won its first Olympic medals (a Panamanian of Jamaican origin, Lloyd La Beach, won two silver medals in the 1948 London Olympics), and the Baseball Major League was founded. On the other hand, as we have seen, it was from then that the National Police began to effectively run the country from behind the scenes.¹⁶⁸

¹⁶⁵ For a view from the US Government of the relationship with Panama in the immediate postwar period, see Memorandum by the Assistant Chief of the Division of Central America and Panama Affairs, dated 20 January 1948: <https://history.state.gov/historicaldocuments/frus1948v09/d467>

It would take a further treaty in 1955 for the US to once again obtain the ability to operate outside the Canal Zone, including a 15-year agreement over the use of the Rio Hato airbase.

¹⁶⁶ <https://portal.critica.com.pa/archivo/03022000/opiayer.html#TOP>

¹⁶⁷ <https://www.elistmopty.com/2020/02/escenas-del-carnaval-de-la-victoria.html>

US forces participation was to end after protests by students and others were repressed in 1958.

¹⁶⁸ For a useful summary of the rise of what became in 1953 the National Guard, see the briefing from the US Library of Congress: <http://countrystudies.us/panama/13.htm>

Between 1948 and 1952, the National Police commander José Antonio Remón Cantera installed and removed Presidents seemingly with ease. Among his behind-the-scenes manipulations were the denial to Arnulfo Arias of the Presidency he had apparently won in 1948, the installation of Arias in the Presidency in 1949, and the engineering of his removal from office in 1951. In 1952, Remón Cantera became President himself.

Despite Arias Madrid having been deposed in 1941, the De La Guardia administration that followed had suffered from both *Arnulfist* and liberal conspiracies,¹⁶⁹ some wishing for the return of Arias Madrid and others demanding to sweep away the ministers who remained of his administration. Around Arnulfo Arias, the conservative sectors of the country's interior were grouped, with the support of middle and popular classes, who expressed a nationalist, anti-American stance.

Face with mounting criticism and opposition, in 1945, to prevent the National Assembly from removing him from power, De La Guardia agreed to a Joint Governing Board with two other politicians, and convened a Constituent Assembly in 1945 to devise another new Constitution. After the *Arnulfist* faction of that Assembly nominated its own Acting President, the National Police settled the matter by supporting De La Guardia, with the would-be replacement being sent into exile in the Canal Zone.

The Constituent Assembly did not end the crisis, since the liberal alliance split when it came to appointing a Provisional President, with the faction that prevailed supporting Enrique Jiménez Brin. Once the new Constitution was promulgated in 1946, the next crisis occurs because Jiménez Brin refused to step down and call elections for his permanent replacement. There was an attempt by the Assembly to remove him, but again the National Police came out in his support, and he continued in office until the 1948 elections took place.

The 1948 elections only saw the crisis continue, and were marked by violence and fraud. Arnulfo Arias was once again a candidate and confronted by a liberal alliance. As weeks passed after the vote and the results were not proclaimed, there were street protests and bloody clashes between rival supporters. In these circumstances, the National Assembly tries to dismiss Enrique Jiménez Brin, and replace him with its choice, Henrique de Obarrio; but again, Colonel Remón Cantera of the National Police tipped the balance towards the ruling fraction that instead proclaimed Domingo Díaz Arosemena the winner.

¹⁶⁹ The liberals involved both the traditional ruling oligarchy, and the new industrial bourgeoisie, which was acquiring more and more weight.

This did not settle things, as Díaz Arosemena was to be in office for just a year, dying in August 1949, and being replaced by the First Vice-President Daniel Chanis, who became President in the middle of a major economic crisis. At this moment the ruling coalition was again divided.¹⁷⁰ As considerable unrest continued, on 19 November, the new President demanded the resignation of Remón Cantera, who then took refuge in the Central Barracks and, in turn, demanded the resignation of Chanis. However, the National Assembly did not accept the President's resignation, and therefore Remón Cantera entered into an agreement with his erstwhile enemy, Arias Madrid and, on 25 November, the Electoral Board made a "recount of minutes" declaring him to be President.

As would be the rule for each of the several times he reached the office of President, Arias Madrid would not complete a full term. Amid a financial crisis in 1951, having suspended individual rights, arrested numerous opponents and suspended the 1946 Constitution (seeking to restore his 1941 one), protests and violence erupted, with a march to the Central Barracks and the crowd asking Remón Cantera to depose Arias Madrid. On 10 May, a violent coup saw Arias Madrid removed and exiled once more.

Ray Todd
Panama City
Republic of Panama
21 April 2023

¹⁷⁰ Apparently, amid a dispute for control of a slaughterhouse, which sold meat to the Canal Zone. Remón Cantera and the Liberal Party were accused of controlling various businesses, such as the slaughterhouse, to the detriment of other producers.