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# **Servicing the Demands of Empire: Institutionalizing Illegality in Panama's Borderlands**

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## **Servicing the Demands of Empire: Institutionalizing Illegality in Panama's Borderlands**

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### Abstract:

This study of borderland “vice” in US-Panama relations argues that a focus on these activities, which many considered illicit, deepens our understanding of both the mechanics of empire and the development of nation-states, while complicating assorted state actions usually considered simple “corruption.” Engaging illicit activity proved an important aspect of both Panamanian nation-state formation and US imperial expansion. Panama served as an early “workshop” for US officials to experiment with extraterritorial criminal justice initiatives as a means of control in lieu of direct occupation. Local power holders worked with these powerful intrusions but often not in ways US officials hoped. Controlling the illicit infrastructure of state became an important component of institutionalized politics and power in Panama.

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## Servicing the Demands of Empire: Institutionalizing Illegality in Panama's Borderlands

The dynamite exploded at 1:10 a.m. on 13 November 1918, leaving General Richard Blatchford unharmed but destroying his Panama Canal Zone residence. Investigators never uncovered the person or persons who made an attempt on the life of the highest ranking US military official in Panama. It seemed clear to most, however, that it was related to Blatchford's recent order prohibiting US Army and Navy personnel from crossing the Panama/Canal Zone border to visit the "immoral" terminal cities of the republic. The attack was "the unquestioned result of my fight on vice in Panama", Blatchford wrote, noting that there had not been "one word of censure or [sic] regret for this occurrence expressed by either Panama papers or by any official of the Panaman Government".<sup>1</sup> At the time, and indeed since, observers have understood the whole incident as a lamentable diversion.<sup>2</sup> The undiplomatic Blatchford, in effect, unnecessarily threatened the status quo in a futile attempt to quell the sex, drugs, gambling, and heavy boozing that seemed an inevitable part of borderland life at this site of global transit.

This study seeks to reevaluate the role of borderland "vice" in US–Panama relations and argues more generally that a focus on these activities, which many considered illicit, deepens our understanding of both the mechanics of empire and the development of nation-states, while complicating assorted state actions usually considered simple "corruption."<sup>3</sup> Engaging illicit

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<sup>1</sup> "Panaman" and "Panamanian" were used interchangeably in documents of the era. Richard Blatchford to the Adjunct General of the Army, 12 December 1918, The U.S. National Archives and Records Administration at College Park, Maryland (hereafter NACP), Decimal File (hereafter DF) 819.1151/31 Record Group (hereafter RG) 59, National Archives Microfilm Publication (hereafter NAMP) M607 Roll 28. Richard Blatchford to the Adjunct General of the Army, 12 December 1918, The U.S. National Archives and Records Administration at College Park, Maryland (hereafter NACP), Decimal File (hereafter DF) 819.1151/31 Record Group (hereafter RG) 59, National Archives Microfilm Publication (hereafter NAMP) M607 Roll 28.

<sup>2</sup> John Major, *Prize Possession: the United States and the Panama Canal, 1903–1979* (Cambridge ; New York: Cambridge University Press, 1993), 137–41; Michael L. Conniff, *Panama and the United States: the Forced Alliance*, 2nd ed. (Athens: University of Georgia Press, 2001), 77.

<sup>3</sup> This contention is in line with new and exciting scholarship. See, for instance, Elaine Carey and Andrae M. Marak, eds., *Smugglers, Brothels, and Twine: Historical Perspectives on Contraband and Vice in North America's Borderlands* (Tucson: University of Arizona Press, 2011); Willem van Schendel and Itty Abraham, eds., *Illicit*

activity proved an important aspect of both Panamanian nation-state formation and US imperial expansion. Panama served as an early “workshop” for US officials to experiment with extraterritorial criminal justice initiatives as a means of control in lieu of direct occupation.<sup>4</sup> Local power holders worked with these powerful intrusions but often not in ways US officials hoped. Indeed, the research presented here illustrates that Panama’s limited economic benefit from the canal and its traffic combined with foreign legal impositions drove state engagement with newly criminalised activity underground. Controlling the illicit infrastructure of state became an important component of institutionalised politics and power in Panama, suggesting a somewhat counterintuitive “empire effect”: that US domination actually fostered illicit state activity, breaking down local boundaries between bureaucratic and outlaw cultures.<sup>5</sup>

The decidedly blurred boundary between legal and illegal activity in the republic stood in marked contrast to the highly regulated Panama Canal Zone. This study also sheds light on the ways in which everyday people participated in these dual state projects of domestication and control through routine border crossings. The inherently “transnational” lives of merchants, workers, sailors, soldiers, and hustlers, among others, enabled them to strategically exploit the regulatory differences that the Panama/Canal Zone border signalled.<sup>6</sup> These everyday “border games” did not diminish state power but rather aided in producing and reproducing the broad social, cultural, and regulatory norms of these distinct sovereignties born of lopsided power relations, diverging legal frameworks, and differing political and economic interests.<sup>7</sup> The routine violence that characterised much borderland interaction, moreover, helped foster a

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*Flows and Criminal Things: States, Borders, and the Other Side of Globalization* (Bloomington: Indiana University Press, 2005).

<sup>4</sup> Greg Grandin, *Empire’s Workshop: Latin America, the United States, and the Rise of the New Imperialism*, 1st ed. (New York: Metropolitan Books, 2006).

<sup>5</sup> Niall Ferguson and Moritz Schularick, “The Empire Effect: the Determinants of Country Risk in the First Age of Globalization,” *The Journal of Economic History* 66, no. 2 (2006). The argument here falls closer to research presented in Shannon Lee Dawdy, *Building the Devil’s Empire: French Colonial New Orleans* (Chicago: University of Chicago Press, 2008), 4.

<sup>6</sup> On the “transnational turn” see Shelley Fisher Fishkin, “Crossroads of Cultures: The Transnational Turn in American Studies; Presidential Address at the American Studies Association, November 12, 2004,” *American Quarterly* 57, no. 1 (2005); Micol Seigel, “Beyond Compare: Comparative Method after the Transnational Turn,” *Radical History Review* 91, no. Winter (2005); Sandhya Rajendra Shukla and Heidi Tinsman, “Introduction: Across the Americas,” in *Imagining our Americas: Toward a Transnational Frame* (Durham: Duke University Press, 2007); David Thelen, “The Nation and Beyond: Transnational Perspectives on United States History,” *Journal of American History* 86, no. December (1999).

<sup>7</sup> Peter Andreas, *Border Games: Policing the U.S.-Mexico Divide* (Ithaca, N.Y.: Cornell University Press, 2000).

popular nationalism in Panama that contained a deep strain of anti-American hostility. This potent and sometimes unpredictable political force did not deter Panama's strategy to develop its borderland entertainment sector for Canal Zone residents and visitors but it most certainly dampened the enthusiasm with which Panamanians cooperated with the United States to implement its cross-border policing goals.

The analysis that follows brings into dialogue four main bodies of scholarship yet to be cross-fertilized: the literature on US imperialism, the study of borders and borderlands, the scholarship on illegal and illicit activities, and the historical research on Panama. First, as a question of empire, this article mines the neglected relationship between the criminalization of certain goods and activities and political and economic domination, seeing Panama as an instructive site to explore the beginnings of what a recent major synthesis in the history of international relations termed "something of an 'Americanization' of criminal justice systems throughout much of the world".<sup>8</sup> Second, it shifts the focus of borderland studies from the highly studied US–Mexican border to a more central interstitial space in the Americas. Privileging the border and borderlands over a state-centred approach compels an imperial framework that challenges the traditional comparative state studies perspective that would see illicit state activity as a by-product of Panama's "institutional weakness".<sup>9</sup> Third, a concentration on illicit activity at and around the border provides an illuminating lens to highlight unacknowledged linkages that bound these seemingly disparate communities together, namely the extraterritorial criminal justice initiatives of the United States and the continual traffic that emerged from this cross-border leisure dynamic.<sup>10</sup>

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<sup>8</sup> Peter Andreas and Ethan Avram Nadelmann, *Policing the Globe : Criminalization and Crime Control in International Relations* (Oxford ; New York: Oxford University Press, 2006), 107. See also Alfred W. McCoy, *Policing America's Empire: the United States, the Philippines, and the Rise of the Surveillance State* (Madison, WI: University of Wisconsin Press, 2009).

<sup>9</sup> For an example of the study of corruption from this institutional perspective, see Alfonso W Quiroz, *Corrupt Circles: a History of Unbound Graft in Peru* (Baltimore: John Hopkins University Press, 2008). On developing an imperial framework more generally, see Paul A. Kramer, "Power and Connection: Imperial Histories of the United States in the World," *The American Historical Review* 116: 5 (2011), pp. 1348–94.

<sup>10</sup> Willem van Schendel, "Spaces of Engagement: How Borderlands, Illicit Flows, and Territorial States Interlock", in Willem van Schendel and Itty Abraham (eds.), *Illicit Flows and Criminal Things*; William Roseberry, "Social Fields and Cultural Encounters", in G. M. Joseph, Catherine LeGrand, and Ricardo Donato Salvatore (eds.), *Close Encounters of Empire: Writing the Cultural History of U.S.-Latin American Relations* (Durham, N.C.: Duke University Press, 1998), pp. 519–20.

Finally, this article brings to light a significant aspect of one of the least studied countries in the Americas. Two broad trends have existed in the traditional historical literature on twentieth-century Panama.<sup>11</sup> Much of the English-language scholarship has focused on the presence and impact of the United States – on high-level diplomacy and stories of US engineering excellence or “progress” centred on the canal.<sup>12</sup> The scholarship from Panama, on the other hand, has spent considerable energy illustrating Panama’s national bona fides in the face of longstanding claims of it being an artificial, imperial creation.<sup>13</sup> In the case of the former body of scholarship, economic activity spurred on by the canal has been celebrated while the illegality that it stimulated went unmentioned; in the latter, passionate insistence on the legitimacy of the nation has obscured its illicit nature. Indeed, outside of personality driven accounts of Noriega’s infamous “narco-state” during the 1980s, no study has taken illicit activity in the twentieth century as its focus.<sup>14</sup> This is not to say that illegal and illicit activity is absent in Panamanian historical writing. It surfaces regularly, if fleetingly, when, say, historian Walter LaFeber mentions “the type of person the Isthmus attracted – the rootless, lawless, transient who obeyed no authority” or when historian Marixa Lasso claims that illegality in seventeenth-century Panama sheds light on the “origins” of “not so agreeable, but fundamental, aspects of our present-day thinking”.<sup>15</sup>

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<sup>11</sup> For an in-depth historiography, see Peter Szok, “Beyond the Canal: Recent Scholarship on Panama,” *Latin American Research Review* 37, no. 3 (2002).

<sup>12</sup> Gerstle Mack, *The Land Divided, a History of the Panama Canal and other Isthmian Canal Projects* (New York: Knopf, 1944); David G. McCullough, *The Path between the Seas: The Creation of the Panama Canal, 1870–1914* (New York: Simon and Schuster, 1977); Walter LaFeber, *The Panama Canal: the Crisis in Historical Perspective*, Updated ed. (New York: Oxford University Press, 1989); Major, *Prize Possession: the United States and the Panama Canal, 1903–1979*; William David McCain, *The United States and the Republic of Panama*, Duke University publications (Durham, N.C.: Duke University Press, 1937).

<sup>13</sup> For recent examples of scholarship that maintain Panama’s inauthentic roots, see Ovidio Diaz Espino, *How Wall Street Created a Nation: J.P. Morgan, Teddy Roosevelt, and the Panama Canal* (New York: Four Walls Eight Windows, 2001); John Weeks and Phil Gunson, *Panama: Made in the USA* (London: Latin American Bureau, 1991). The work of Ricaurte Soler best illustrates the traditional research on Panama. See, for instance, Ricaurte Soler, Ricaurte Soler, “Panamá, nación y oligarquía, 1925–1975,” in *Las clases sociales en Panamá*, ed. Marco A. Gandásegui (Panamá: CELA, 2008); Ricaurte Soler, *Formas ideológicas de la nación panameña* (Panamá: Ediciones de la Revista *Tareas*, 1963).

<sup>14</sup> An exception is Steve C. Ropp, “Explaining the Long-Term Maintenance of a Military Regime: Panama before the U.S. Invasion,” *World Politics* 44, no. 2 (1992).

<sup>15</sup> LaFeber, *The Panama Canal: the Crisis in Historical Perspective*, 24; Marixa Lasso de Paulis, “La ilegalidad como sistema en la sociedad panameña del siglo XVII,” *Humanidades* 2, no. abril (1994): 7.



This article brings illegality to the fore of twentieth-century Panamanian research in three parts. The first section surveys the difficult challenges of early Panamanian nation-state formation, while nonetheless highlighting the continuous importance of access to the state for generating and maintaining local power, wealth, and prestige. The second section sketches Panama's borderland entertainment industries and provides an analysis of the tensions that this leisure dynamic ignited between Panama and the United States. The third section draws upon previously untapped sources to illustrate the ways in which illegal state activity became interwoven into Panamanian state formation. No matter how routine illegality became, however, its clandestine nature left state agents at all levels fundamentally insecure and open to politically motivated attacks. The article concludes with an exploration of two different charges of corruption in an institutional environment in which all actors walked the precarious line between colonial cooperation and anti-colonial and often illegal local interest. Each case had less to do with genuine whistle blowing and more to do with manipulating the contours of client state governance in the quest for political power.

### **The Challenges of Early Panamanian Nation-State Formation**

Panama's elite orchestrated independence in November 1903 but faced decidedly difficult circumstances in the aftermath. The successful separation from Colombia took place without struggle. There was no protracted fighting against a colonial power, as there was in, say, Cuba, which fostered cross-class and cross-race ties that bound Cubans together through a shared goal of self-government.<sup>16</sup> Rather, on the Isthmus, elite Panamanians declared independence in response to Colombia's bungled treaty negotiations over the terms of the North American canal project. They neither sought popular support nor required it, as the USS *Nashville* stationed off the coast of Colón blocked Colombian troops from landing. Indeed, many of Panama's Liberal nationalists, like future three-time President Belisario Porras, opposed the compromised terms of independence, which led to a *leyenda negra* (black legend) plaguing the nascent republic. The

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<sup>16</sup> Ada Ferrer, *Insurgent Cuba: Race, Nation, and Revolution, 1868–1898* (Chapel Hill ; London: University of North Carolina Press, 1999).

new nation of Panama, observers from across Latin America and beyond argued, was a sham: an inauthentic and fraudulent creation of the United States.<sup>17</sup>

The patron-client state nature of independence ensured that the United States played an important role in Panamanian governance, intervening frequently in the first decades of independence to counter instability. At the same time, however, US officials had very limited interest in the republic apart from stifling unrest that directly threatened the canal and the Canal Zone. The appetite for direct colonial occupation stateside had waned, few significant US investments existed in the country, the capacity of Panamanians (or Colombians) to challenge US dominance was negligible, and European imperial powers had withdrawn from the scene. Thus, while local elite clearly operated within the contours set by a foreign power (and, at base, could rely on North American military support), local power holders alone confronted the difficult task of connecting a population deeply fractured along social, racial, and ethnic lines to the new state in a meaningful way. “We were born into a life of independence devoid of all and we have had to develop it little by little”, the Panamanian Secretary of Government and Justice acknowledged six years after separation from Colombia.<sup>18</sup>

Canal construction created distortions that frustrated Panamanian administrators in the quest to develop the nation-state. Migrants from around the world flooded Panama’s terminal cities in order to exploit the opportunities that emerged from the massive project. The terminal cities of Colón and Panama essentially tripled in population over the course of just ten years, passing from a combined 33,160 inhabitants in 1905 to 66,502 in 1911 and 89,704 in 1915.<sup>19</sup> The waves of migrants stimulated economic activity and generated state revenue but the overcrowding, the skyrocketing costs for rent and basic necessities, and the general violence that accompanied such rapid changes ultimately threw the weakness of the new Panamanian state

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<sup>17</sup> Alfredo Figueroa Navarro, *Dominio y sociedad en el Panamá colombiano (1821–1903) : escrutinio sociológico*, 3a ed. (Ciudad de Panamá: Editorial Universitaria, 1982), 7, 352–56.

<sup>18</sup> Aristides Arjona, *Memoria de Gobierno y Justicia*, 1909, Sección Biblioteca (hereafter SB) Archivo Nacional de Panamá, Panama City (hereafter ANP), p. XLVII. See also, Thomas L. Percy, *We Answer only to God: Politics and the Military in Panama, 1903–1947* (Albuquerque: University of New Mexico Press, 1998), 35–56; Peter A. Szok, *“La última gaviota”: Liberalism and Nostalgia in Early Twentieth-Century Panamá* (Westport, Conn.: Greenwood Press, 2001), 37–62; E. J. Hobsbawm, *Nations and Nationalism since 1780: Programme, Myth, Reality*, 2nd ed. (Cambridge ; New York: Cambridge University Press, 1992).

<sup>19</sup> Omar Jaén Suárez, *La población del istmo de Panamá del siglo XVI al XX* (Panama City: Impresora de la Nación, 1978), 322–23, 481–82.

into sharp relief. The state constructed a new jail in Colón not six years after independence, for instance, and the Secretary of Government and Justice noted almost immediately that it “has proven inadequate in the face of the immense growth in that city’s population and the large number of detainees admitted each day”. In general, he lamented in 1909, “we have done nothing to rectify the defects and deficiencies that have been reported since the first days of the republic”.<sup>20</sup>

The situation began to change with the election of President Porras in 1912. Porras spent considerable energy over his intermittent ten years in power developing the infrastructure of a modern nation-state – the governing capacities that he deemed “indispensable for completing the work of our true independence”.<sup>21</sup> His administration oversaw a finished national railroad, a strengthened national postal service, and telephone and telegraph systems. It built bridges, highways, and roads, constructed schools, and established national scholarships. It created the Public Registry, Civil Registry, and National Archive, while nationalizing Panama’s lottery and reforming both the Secretary of Treasury and Finance and the National Police. Such an expansive period of state building made Porras, in the words of Panamanian historians Patricia Pizzurno Gelós and María Rosa de Muñoz, the “architect” of Panama’s modern state.<sup>22</sup>

Porras’s varied state-building projects, however necessary, nearly bankrupted the revenue-strapped state. The state ran deficits for nine of its first twelve years, overspending anywhere from 7 to 35 per cent of its allocated budget.<sup>23</sup> Neither the canal concession paid to Panama by the United States – an average of 24.5 per cent of the state’s budgeted revenue between 1904 and 1915 – nor state revenue rose in relation to the demands that the rapidly increasing population put on government spending. The budgeted revenue in 1906, for instance,

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<sup>20</sup> Aristides Arjona, *Memoria de Gobierno y Justicia*, 1909, SB ANP, p. XLVII.

<sup>21</sup> Patricia Pizzurno Gelós and Celestino Andrés Araúz, *Estudios sobre el Panamá republicano (1903–1989)* (Manfer S.A., 1996), 88.

<sup>22</sup> Patricia Pizzurno Gelós and María Rosa de Muñoz, *La modernización del estado panameño bajo las administraciones de Belisario Porras y Arnulfo Arias Madrid* (Panamá: Instituto Nacional de Cultura, Archivo Nacional de Panamá, 1992), 10. See also Peter Szok, ““Rey sin corona”: Belisario Porras y la formación del estado nacional, 1903–1931,” in *Historia general de Panamá, Volumen III Tomo I*, ed. Alfredo Castellero Calvo (Panamá: Comité Nacional del Centenario de la República, 2004).

<sup>23</sup> George Evan Roberts and Herbert Daniel Brown, *Investigación económica de la república de Panamá, llevada a cabo a petición del gobierno de Panamá* (Panamá: Imprenta nacional, 1933), table 1 in the “annex” (no page numbers).

was *balboas* \$ 2,519,440. Four years later, it was only minimally higher at B\$ 2,525,152. Public debt mounted. In 1916, after 13 years of independence and the boomtown environment that came with canal construction, the state measured internal debt at B\$ 3,698,678 and external debt at B\$ 3,259,111 – both figures more than the total state revenue generated that same year.<sup>24</sup>

Panamanian officials laid the blame for their fiscal woes on the fact that the republic lacked access to its most important natural resource, the transit route. The recent research of economic historians Noel Maurer and Carlos Yu support such an understanding. The “deliberate isolation of the Panama Canal from the Panamanian economy”, they argue, led to “a thorough lack of economic benefit for Panama, which captured essentially none of the rents from the Panama Canal”. Panama received no significant benefit from canal employment, no income tax revenue from canal employees, no commercial access to the ships that passed through the canal, and very little commercial activity based on the everyday necessities of those living and working on the Canal Zone.<sup>25</sup> Regardless of these difficult limitations, North American officials saw Panama’s fiscal woes in the context of a broader imperial discourse that portrayed Latin Americans as fiscally irresponsible.<sup>26</sup> The obvious solution to the debt problem, from this perspective, was for Panama to turn control of its state finances over to a North American fiscal agent.

President Porras addressed the North American recommendation of an outside financial expert in a 1918 letter to Secretary of State Robert Lansing. Porras conceded that Panama absolutely needed financial aid but less because of local mismanagement and more because of detrimental US policies, such as the Zone commissary system that provided everyday goods for canal employees at a significant discount. “Owing to this”, Porras wrote, “the commerce of

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<sup>24</sup> William T. Scoullar, *El Libro azul de Panamá, 1916–17/The “Blue Book” of Panama, 1916–17* (Panama: The Latin America Publicity Bureau, Inc. 1917), 54; Jaén Suárez, *La población del istmo de Panamá del siglo XVI al XX*, 322–23; Noel Maurer and Carlos Yu, *The Big Ditch: How America Took, Built, Ran, and Ultimately Gave Away the Panama Canal* (Princeton: Princeton University Press, 2011), 205; Miguel Torres, *La construcción del sector público en Panamá, 1903–1955* (San Jose, Costa Rica: Instituto Centroamericano de Administración Pública, 1982), 52–53.

<sup>25</sup> Maurer and Yu, *The Big Ditch: How America Took, Built, Ran, and Ultimately Gave Away the Panama Canal*, 7–8, 189–211.

<sup>26</sup> Ricardo Donato Salvatore, “The Enterprise of Knowledge: Representational Machines of Informal Empire,” in *Close Encounters of Empire: Writing the Cultural History of U.S.-Latin American Relations*, ed. G. M. Joseph, Catherine LeGrand, and Ricardo Donato Salvatore (Durham, N.C.: Duke University Press, 1998).

Panama has been sadly coming to decay and as a consequence of this the import duties which the Republic of Panama collects in accordance to its Fiscal Regime, very small indeed, are also decreasing.” He continued:

If this is taken into account, the loss sustained by the revenue in general on account of the war; the loss of the revenues from the lottery, the suppression of which has been advised to us [by the US State Department]; the loss which [we] have already suffered of the duties on bills of lading and cargo manifests which are now collected by the employees of the United States ports; the loss also of contribution taxed to the steamer Companies who do not pay it, arguing that their offices are out of Panama, in the Canal Zone, though their business of transports are in fact with my country; the loss of taxes on city lots in the cities of Panama and Colon to pay the urban improvement of the streets, particularly by the refusal of the Company named of the Rail-road who is owner of all the area of Colon [controlled by the US government]; for such a considerable number of resistances that the Government of my country has to contend with to make effective its actual rental regime it certainly is necessary for us to have an expert in finances, who will be lent or suggested by the Government of Your Excellency, with the purpose that he will help us in the hoped for reorganization of our fiscal regime.

Porrás ended his note with faux sincerity: “We accept him, thus, with pleasure.”<sup>27</sup>

The straightjacket-like impossibility of the situation angered Panamanians who bristled at the challenge such an imposition posed to Panamanian sovereignty. At the same time, however, office holders also resisted North American fiscal control on the grounds that it threatened the important role that government had come to play for generating local wealth. The state, after all, remained one of the few Isthmian enterprises in the hands of Panamanians. Indeed, already by 1908, foreigners dominated Panama's service-centred economy. Recent arrivals owned 82 per cent of Panama City's 653 retail commercial establishments. The same was true of import/export wholesale businesses. Panamanians controlled only 28 of 106 warehouses in Panama. The financial services industry, with capital of approximately \$15,000,000 on the Isthmus, told a similar story. One recently naturalised Panamanian was alone at the higher end of the industry, with a company that held more than \$500,000 in funds.<sup>28</sup> Private sector competition on the Isthmus was fierce. The Panamanian elite understood that continued economic success was limited to outsiders with capital or insiders with the political power to dole out institutional

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<sup>27</sup> Underline in original. B. Porrás to R. Lansing, 18 Sept. 1918, Archivo Belisario Porrás, Panama City (hereafter ABP), Folder Secretario de Relaciones Exteriores – cartas 1918–1920, serie, 4.03 tomo 8, pp. 42–57.

<sup>28</sup> Jaén Suárez, *La población del istmo de Panamá del siglo XVI al XX*, 322–23, 481–82.

favours, contracts on public works, and other matters of state.<sup>29</sup> A North American fiscal agent, then, threatened one of the few remaining avenues for locals aspiring to power, wealth, and prestige.

Panama nonetheless appointed a North American financial advisor as per the wishes of the State Department. Addison Ruan had orchestrated previous successes while reforming the financial situations of Haiti and the Philippines before arriving in Panama. Ruan's experience, however, proved no match for locals intent on stifling outsider control of local governance and he soon resigned. The next North American agent was also unsuccessful, as evidenced by Panama's continuously high international borrowing costs. In fact, Panama's borrowing rates remained significantly higher than other Latin American countries with North American financial oversight (such as Cuba or the Dominican Republic) and even many without (like Venezuela or Costa Rica).<sup>30</sup> Panamanians remained firmly in control of the allocation of government resources in spite of this imposition. And, not long after, an outside agency commissioned to find waste in Panamanian statecraft reported a great many "surplus employees", wages often "high enough to be out of proportion to the responsibilities", bureaucrats devoid of any responsibility, and high-level officials who collected up to four salaries at once.<sup>31</sup>

While most residents of Panama and Colón continued to live in desperately poor circumstances – and popular political agitation remained fairly constant in both urban centres – jobs in the growing bureaucracy did serve as a stabilizing force, dampening, if only slightly, the tinderbox of popular discontent. Public office holders used state employment to alleviate chronic unemployment and underemployment but they did so in order to consolidate personal political

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<sup>29</sup> "Sección política," *Diario de Panamá*, 14 Jan. 1916; "Panamá Annual Report, 1912 on the Trade and Commerce of Colon and Cristobal," The National Archives of the UK, London (hereafter TNA), Foreign Office (FO) 881/10293, pp. 2, 9; Szok, "'Rey sin corona': Belisario Porras y la formación del estado nacional, 1903–1931," 53; Pizzurno Gelós and Andrés Araúz, *Estudios sobre el Panamá republicano (1903–1989)*, 55; John Biesanz and Luke M. Smith, "Panamanian Politics," *The Journal of Politics* 14, no. 3 (1952): 386.

<sup>30</sup> Maurer and Yu, *The Big Ditch: How America Took, Built, Ran, and Ultimately Gave Away the Panama Canal*, 200–07.

<sup>31</sup> Roberts and Brown, *Investigación económica de la república de Panamá, llevada a cabo a petición del gobierno de Panamá*, 367–75.

power.<sup>32</sup> For instance, the Administrator General of the Liquor Tax, Rafael Niera, received a letter from President Porras in 1912, not long after he won his first term in office. Porras questioned Niera's recent appointment of Joaquín Ortiz Aguilera as a liquor inspector in Colón. "I did not know that Aguilera had been in furious opposition to your candidacy", Niera responded, "and believe me, if I had known, I would not have taken him into my service." A nervous Niera assured Porras that the other Colón inspector was an "incorruptible Liberal and determined political contributor". He concluded. "Above all, remain convinced that I am far from causing you uneasiness with the selection of employees who do not enjoy the sympathy of the government."<sup>33</sup>

## The Tensions of Borderland Entertainment

That an active member of the political opposition held the position of liquor inspector clearly bothered Porras, especially considering that alcohol consumption in the US-occupied territory was increasingly frowned upon by the neighbouring colonial state. Indeed, less than two months later, the Panama Canal Zone stopped issuing liquor licenses altogether.<sup>34</sup> Saloons thereafter were the exclusive domain of the republic and they were big business. Tax on alcohol production and sales alone generated at least a fifth of the republic's reported annual revenue and some years closer to half – while still allowing for "huge sums" to disappear into the bureaucratic ether.<sup>35</sup> The ramifications of alcohol production and sales for the republic spanned well past taxation, however. Colón and Panama City had a combined 351 cantinas registered in

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<sup>32</sup> The role of the state in Cuba bears closest resemblance to Panama. Louis A. Pérez, *Cuba under the Platt Amendment, 1902–1934* (Pittsburgh: University of Pittsburgh Press, 1986), 139–43. On the conservative political effects of clientelistic political structures, see John D. Martz, *The Politics of Clientelism in Colombia: Democracy and the State* (New Brunswick, NJ: Transaction Publishers, 1997), 317; Amanda Sives, "Changing Patrons, from Politicians to Drug Don: Clientelism in Downtown Kingston, Jamaica," *Latin American Perspectives* 29, no. 5 (2002). Amanda Sives, "Changing Patrons, from Politicians to Drug Don: Clientelism in Downtown Kingston, Jamaica," *Latin American Perspectives* 29: 5 (2002), pp. 66–89.

<sup>33</sup> Rafael Nara to Belisario Porras, 14 May 1913, ABP, Secretaría de Hacienda y Tesoro, Tomo 6, serie 3–02, 1912–1916, pp. 244–246. For examples unrelated to alcohol, see Szok, "'Rey sin corona': Belisario Porras y la formación del estado nacional, 1903–1931," 63.

<sup>34</sup> "No Saloons in the Zone," Canal Record, 30 April 1913, The U.S. National Archives and Records Administration at College Park, Maryland (hereafter NACP), Record Group (hereafter RG) 185, 150/47/3/2 Entry 30 General Correspondence, 1905 – 1914, Box 356, Folder, 59-G-1 Part 10.

<sup>35</sup> Roberts and Brown, *Investigación económica de la república de Panamá, llevada a cabo a petición del gobierno de Panamá*, 381–90.

1908; in the latter half of the following decade, Panama City alone registered 500 outlets to sell alcohol, 75 per cent of all retail businesses.<sup>36</sup> Even Panama hat advertisements played on its ubiquity. “Nearly as many shops in Panama and Colon sell Panama Hats as sell liquor”, an advertisement from a bazaar in Panama City began, “and that is ‘going some.’”<sup>37</sup> Luis Lee of the firm Lee Chong and Company warned during a debate over alcohol prohibition in the republic that 50 per cent of the 110 Chinese retail stores in Colón would almost immediately go out of business if the city went dry. Clarence Alberga, a “real estate man”, deemed Lee’s prediction “very conservative”. He estimated that more than 400 rooms occupied for retail would lay vacant without the income generated from alcohol sales.<sup>38</sup>

Canal Zone residents and visitors drove much of the borderland cantina culture and Panamanian government and business leaders necessarily welcomed these dollar-spending visitors. This border-crossing leisure dynamic became even more important for the republic as it faced a crushingly deep economic downturn spurred on by canal completion and World War One. International trade slowed and the number of canal employees dropped precipitously. The canal employed 56,654 workers at its peak in 1913; the number was 34,788 a year after construction ended in 1915 and only 14,389 by 1921. The Isthmian Canal Commission (ICC) had laid off 75 per cent of its workforce in less than eight years.<sup>39</sup> At the same time, however, the United States had begun to establish a considerable military presence on the Canal Zone. The Zone had nine operational forts by 1917, housing 11,142 soldiers a year later and as many as

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<sup>36</sup> “La degeneración social y el alcoholismo,” *El Conservador*, 9 Dec. 1916, pp. 2-3; “La renta de licores, propuesta que hacen al gobierno,” *Diario de Panamá*, 2 Nov. 1915, p. 1; Aurelio Guardia “Sobre aguardiente” *Diario de Panamá*, 6 Jan. 1916, p. 4; “Alrededor de alcoholismo,” *Diario de Panamá*, 6 Sept. 1916, pp. 4, 5, 8; “Must the City Suffer?” *The Star and Herald*, 2 June 1918; “Two Kinds of Trade,” *Panama Morning Journal*, 26 June 1918, p. 4; “Why Service Men are not allowed in the Republic,” *Star and Herald*, 6 June 1918, NACP, RG 59, DF 819.1151/18, NAMP M607 Roll 28.

<sup>37</sup> Advertisement, *Panama Morning Journal*, 23 Jan. 1914.

<sup>38</sup> “Commerce Board and Occupation,” *Panama Star & Herald*, 4 July 1918; “De actualidad,” *La Estrella de Panamá*, 3 Sept. 1918; “District Tenants get Quit Notice,” *Panama Star & Herald*, 5 Oct. 1918.

<sup>39</sup> “La mendicidad y el trabajo infantil en la ciudad,” *La Prensa*, 14 Aug. 1915, p. 1; “Notas de policía: contra la sanidad,” *El Diario de Panamá*, 14 Dec. 1915; C. Mallet to Foreign Office, 25 Jan. 1919, TNA, FO 371/3856; Jaén Suárez, *La población del istmo de Panamá del siglo XVI al XX*, 322–26; Maurer and Yu, *The Big Ditch: How America Took, Built, Ran, and Ultimately Gave Away the Panama Canal*, 204–05; Torres, *La construcción del sector público en Panamá, 1903–1955*, 73.



68,000 soldiers by the time of the Second World War.<sup>40</sup> These soldiers routinely crossed the Panama/Canal Zone border in search of alcohol soaked excitement, providing a particularly focused economic stimulus for a country reeling from recession.

Much of the flourishing entertainment industry was located near the border – known as *el limite* or “the limit” – as well-to-do Panamanians moved away from the Canal Zone into relatively distant communities like *Bella Vista* and *La Exposición*.<sup>41</sup> A Panamanian-published guidebook illustrates the way that government and business leaders sought to brand Panama as an international hotspot for nightlife. The guide assured readers in both Spanish and English that one of Panama’s world famous nightspots was a veritable must see: “the ‘Atlantic’ is for Panama what the Casino is for Monte Carlo, or, the Eiffel [sic] Tower for France”, the guidebook claimed about a nightclub ironically located so near the Panama Canal. “The tourists and the travellers know this, and that is the reason why they step in that direction with the fervor of a believer that fulfills a rite.”<sup>42</sup> The Ancon Inn provides another example. The US-owned “first-class” saloon and restaurant held regular card games outlawed on the Canal Zone and in the republic. The inn was located in the republic on the “the most travelled thoroughfare connecting Panama and the Zone”, according to a police inspector, making it “well situated and equipped to attract the business for which it was intended” – that is, to draw ICC workers, soldiers, and other US visitors into a more relaxed regulatory environment where they could gamble over a couple of drinks.<sup>43</sup>

Others looked for different types of excitement in Panama. ICC employee Walter Stephens wrote to complain about a “revolting scene” that he witnessed from the window of the electric car running from Panama City to Balboa on the Canal Zone in 1916. Stephens reported that a “fat black damsel with no shirt on but a short pink petticoat split open wide in the front and

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<sup>40</sup> Richard Blatchford to the Adjunct General of the Army, 12 Dec. 1918, NACP, RG 59, DF 819.1151/31, NAMP M607 Roll 28; Jaén Suárez, *La población del istmo de Panamá del siglo XVI al XX*, 326; Maurer and Yu, *The Big Ditch: How America Took, Built, Ran, and Ultimately Gave Away the Panama Canal*, 105–06.

<sup>41</sup> Patricia Pizzurno, “Aspectos de la vida cotidiana del patriciado panameño a inicios del siglo XX,” *Tareas* 112(2002).

<sup>42</sup> Panama Advertising Co Incorporated, *Panama y Zona del Canal/Panama & Canal Zone* (Panama: The Star and Herald Company, 1933), 56.

<sup>43</sup> Albert Lamb, “Autobiography – Manuscript,” Albert Roswell Lamb papers, Manuscripts and Archives Division, The New York Public Library, Astor, Lenox, and Tilden Foundations (hereafter ARL-NYPL), Box 2, Folder: Lamb-Writings (3), pp. 116–120.

shy of stockings” was in the street to dispose of the contents of washbasin in “full sight of two American ladies, three young girls and several boys”. The “other half of the show” was in her room: a “naked white man inside this den who was trying to put on a pair of trousers”. Such lewd activity might be acceptable in Panama but, Stephens wrote, “I felt ashamed to think that our American Government would permit such things to go on in such a public place and so near the Zone.”<sup>44</sup> After the military had to treat 986 of the 9,786 soldiers on the Isthmus for sexually transmitted diseases a year later, US officials compelled Panama to cooperate in a joint effort to better enforce regulation that existed for the legal “zones of tolerance” and crack down on the clandestine sex trade near the Zone. The North American and Panamanian forces rounded up 406 sex trade workers in Panama and 456 in Colón – 376 of the former and 436 of the latter were detained for either syphilis or gonorrhoea treatment.<sup>45</sup>

Soldiers stimulated more than Panama’s sex trade. “Of all of civilization’s occupational categories”, historian David Courtwright notes in his sweeping study of drugs in the modern world, “that of soldier may be the most conducive to regular drug use.”<sup>46</sup> Away from the active theatres of war and collectively earning hundreds of thousands of dollars per month, soldiers became the “producers of the golden eggs”, as one newspaper put it. And, in exchange for “his good money”, Panama offered a soldier “bad booze, worse cocaine and other narcotics, venereal diseases, and bunco schemes of various sorts”.<sup>47</sup> Panama had criminalised cocaine alongside opium in 1912 at the behest of the United States but the trade remained “steady” through the 1920s and the 1930s, even as it declined elsewhere.<sup>48</sup> In one week in July of 1916, for instance,

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<sup>44</sup> “The Prostitutes,” *The Commercial*, 19 Aug. 1911; Walter Stephens to Chester Harding, 9 July 1916, NACP, RG 185, 150/47/31/6, Entry 30 General Correspondence, 1905 – 1914, Box 1230, Folder 64-Y-4.

<sup>45</sup> J.A. Ferguson to Homer Davis, 2 July 1920, NACP, RG 59, DF 819.00/995, NAMP M607 Roll 10; Richard Blatchford to the Adjunct General of the Army, 12 Dec. 1918, NACP, RG 59, DF 819.1151/31, NAMP M607 Roll 28.

<sup>46</sup> David T. Courtwright, *Forces of Habit: Drugs and the Making of the Modern World* (Cambridge, Mass.: Harvard University Press, 2001), 140.

<sup>47</sup> “Lonesome Town,” *Panama Morning Journal*, 17 June 1918, p. 2.

<sup>48</sup> “Ley 19 - Por la cual se establecen reglas para el comercio y uso de opio y sus componentes, cocaína y sus similares, 22-11-1916” *Gaceta Oficial* # 02485, Asamblea Nacional de Panamá, pp. 6615–6616; James C. Ryan, “Memorandum for M.L. Harney,” 3 Dec. 1949, NACP, RG 170, Box 63 (old box #19), Entry 9 Bureau of Narcotics Files, Subject Files, 1916–1970, 230/39/25-/07, Folder: Drugs: Cocaine, vol. 1, 1933–1962. See also “Certificado -- 500,” in “Sumarias seguidas contra Ana Isabel Rodriguez, por el delito de ‘uso de drogas nocivas,’” 1935, ANP, Sección de Justicia (SJ), Ramo Criminal (RC), Juzgado Segundo del Circuito de Colon (JSCC), Cajón 588, Expediente 532; “Interesante para los cocainomanos,” *Acción Comunal: organo del centro* “*Accion Comunal*,” 22 Sept. 1932, p. 5; “Sigue el trafico de cocaína libremente en Colon,” *Acción Comunal: organo del centro* “*Accion*

*La Prensa* reported that police had arrested twenty-five year old Panamanian Alfredo Naar for selling cocaine to a client base of US soldiers. The office of Panama City's *Alcalde*, moreover, delivered five bottles, one small can, and 24 small boxes full of cocaine to the Superintendent of Hospital Santo Tomás days later. "All of this was seized from illegal sales between US soldiers and prostitutes of Cocoa Grove."<sup>49</sup>

The apparent disorder of Panama's borderland "vice" culture grafted seamlessly onto US ideas of Panamanian racial inferiority and government incompetence – or, as the Chargé d'Affaires of the American Legation put it in 1918, "the hopeless condition of affairs in the Republic of Panama under native control".<sup>50</sup> The North American perception of immoral "corruption" fuelled – and was fuelled by – the politicization of "vice" in Panamanian political discourse. That is, the Panamanian opposition manipulated colonial discourse in the attempt to win favour with patron state officials, in the process providing weight to North American suspicions of corruption.<sup>51</sup> In 1916, for example, an anonymous letter to the ICC Chairman and the Chief Engineer, Colonel George Washington Goethals, made a clear attempt to have the United States withdraw its support from the Panamanian administration of Ramón Valdés. Signed "A number of Panamanians", the letter was crafted to gain traction with US officials by stressing issues of concern for Canal Zone officials. "There is nothing but lack of discipline, threats, violence, plundering of its citizens, sham prosecutions against the opium traffic and gamblers and prostitutes", the concerned citizens insisted. Worse, they concluded, a very real

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*Comunal*, 13 Oct. 1932, p. 7; Paul Gootenberg, *Andean Cocaine: the Making of a Global Drug* (Chapel Hill: University of North Carolina Press, 2008), 143–88, 90.

<sup>49</sup> "Arrestados," *La Prensa*, 13 July 1916; "Por esas calles," *La Prensa*, 19 July 1916; "Dos vendedores de cocaína caen en el garlito," *Diario de Panamá*, 10 March 1922, p. 3; "Ley 19 - Por la cual se establecen reglas para el comercio y uso de opio y sus componentes, cocaína y sus similares, 22-11-1916" *Gaceta Oficial* # 02485, Asamblea Nacional de Panamá, pp. 6615–6616.

<sup>50</sup> Elbridge Gerry Greene to Robert Lansing, 21 Aug. 1918, NACP, RG 59, DF 819.00/749, NAMP M607, Roll 10. The US discourse centered on Panamanian corruption mirrored the discourse in Cuba and Puerto Rico. See Pérez, *Cuba under the Platt Amendment, 1902–1934*; Kelvin A. Santiago-Valles, *"Subject People" and Colonial Discourses: Economic Transformation and Social Disorder in Puerto Rico, 1898–1947* (Albany: State University of New York Press, 1994).

<sup>51</sup> R. Blatchford to the Adjunct General of the Army, 12 Dec. 1918, NACP, RG 59, DF 819.1151/31, NAMP M607 Roll 28.

possibility existed for another “clash” with US soldiers under the present administration, “seeing that the majority of the police are drunkards, brutes and rogues”.<sup>52</sup>

While some of the opposition was not above deploying colonial rhetoric, much of the public discourse in Panama vigorously countered such a perspective. Panama City and Colón, many argued, were no different from US cities like New York, Chicago, or New Orleans. Panama’s Minister of Foreign Affairs, Narciso Garay, pointed out that Panama’s leisure industry emerged from free market principles, implicitly critiquing the absence of US demand in the conversation about Panamanian “vice”. That alcohol provides “an important part of the business of both terminal cities does not constitute a charge against the government”, he wrote. It is, rather, “the obvious consequence of the democratic principle of freedom of industry which our Constitution and laws acknowledge”.<sup>53</sup> Panama’s nationalist press more clearly isolated the “invisible hand” driving borderland commerce. Drugs like morphine and cocaine were “unknown in Panama prior to canal construction”, it claimed in 1923. It was the “mercenary Yankee army” combined with the “undesirable” element of canal workers that planted “the seeds of new vices with the gold from their pay”.<sup>54</sup>

Panamanian newspapers more generally bolstered the idea that the disorder in the terminal cities was largely the result of the Canal Zone. Newspapers like *El Diario de Panamá*, for instance, published a running tally of general soldier misbehaviour under the exasperated headline, “These Soldiers!” Sensational reports from the month of December 1915 varied from soldier Robert Spark embracing Panamanian Francisco Latorre’s wife on the street before attacking Latorre himself to soldier Patrick Omalay hailing a taxi only to rob the driver of US\$ 13 when asked to pay his fare.<sup>55</sup> Other reports relished the opportunity to undermine the propensity of North Americans to contrast the highly ordered Canal Zone with the putatively

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<sup>52</sup> “A Number of Panamanians” to G. Goethals, 25 Sept. 1916, NACP, RG 185, Box 1324, 150/47/33/5/7, Folder 80-G-1.

<sup>53</sup> “Garay Gives his View on Vice Conditions” *Panama Morning Journal*, 8 June 1918, pp. 1, 3.

<sup>54</sup> “La criminalidad en Panamá,” *Acción Comunal: organo del centro “Accion Comunal,”* año I no. 1, 10 Oct. 1923, p. 1; “La prostitución en Panamá,” *Acción Comunal: organo del centro “Accion Comunal,”* año I no. 3, 10 Nov. 1923, p. 1; “Uso de drogas heroicas,” *Acción Comunal: organo del centro “Accion Comunal,”* año I no. 3, 10 Nov. 1923, p. 3.

<sup>55</sup> “Esos soldados!” *Diario de Panamá*, 3 Dec. 1915; “Esos soldados!” *Diario de Panamá*, 20 Dec. 1915; “Soldadesco,” *Diario de Panamá*, 22 Nov. 1915, p. 6.

disordered republic.<sup>56</sup> One article noted that a Panamanian police officer heard gunshots one early morning in 1919. He proceeded to witness two Zone police officers pursuing two US soldiers who had shot at their police officer compatriots in an attempt to escape the Canal Zone – “Noteworthy and edifying examples of discipline!” the newspaper exclaimed.<sup>57</sup>

Panama's terminal cities may have economically relied on this border-crossing leisure dynamic, then, but the raucous nightlife of the visitors clearly bred resentment and fomented considerable anti-American sentiment.<sup>58</sup> Long-time Panamanian diplomat Ricardo J. Alfaro captured this generalised anger when he privately lamented that his country was long forced to tolerate North American soldiers and sailors who “drink like hogs” only to “attack the Panamá police”. Indeed, violence between North Americans and Panamanians was a regular feature of life in the terminal cities.<sup>59</sup> British Consulate official Claude Mallet explained the issue in a 1915 note to England.

Unless a change is adopted in the present system of policing the two cities there will arise a conflict between the military and civil elements that will cause serious rioting and loss of life. The soldiers cannot obtain fermented liquors in the Canal Zone and visit Panama and Colon where they imbibe cheap and spurious spirits which maddens them. The police endeavor to keep order but the American soldiers resent any interference from a coloured man and defy the guardian of the peace who loses his temper and a struggle follows in which the policeman gets worsted owing to his poor physique, so he retaliates by using his revolver which starts a general row.<sup>60</sup>

Deadly riots, in fact, occurred in 1912 and twice more in 1915.

The riots linked Panamanian civilians to the state both tangibly and through a shared defensive hostility towards the United States. In 1912, US witnesses claimed that police officers joined forces with everyday Panamanian citizens to specifically attack North Americans. ICC employee and “white American” Carl J. DeLeen reported that three or four police officers

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<sup>56</sup> Stephen Frenkel, “Geographical Representations of the ‘Other’: the Landscape of the Panama Canal Zone,” *Journal of Historical Geography* 28, no. 1 (2002).

<sup>57</sup> “Dos soldados americanos dispararon sus revolvers de reglamento contra dos patroles.” *Diario de Panamá*, 3 April 1919.

<sup>58</sup> For a comparative, *longue durée* approach to anti-Americanism on the Isthmus, see Alan McPherson, “Contrasting Hostilities of Dependent Societies: Panama and Cuba versus the United States,” in *Anti-Americanism in Latin America and the Caribbean*, ed. Alan McPherson (New York: Berghahn Books, 2006).

<sup>59</sup> B. Hallio to Arthur Henderson, 5 May 1931, TNA, FO 369/2209. For accounts of regular violence, see NACP, RG 185, 150/47/3/3 Entry 30 General Correspondence, 1905–1914, Box 363, Folder 62-B-199 Part 1.

<sup>60</sup> C. Mallet to Edward Grey, 14 April 1915, TNA, FO 371/2420.

travelled with three or four Panamanian civilians in search of targets. They approached him outside a bar. One of the Panamanian civilians confirmed he was a North American before hitting him over the head with a rock. “While the corner was crowded with natives, negroes, and Spaniards”, another ICC employee recounted, “they were unmolested. It was plain to be seen that it was Americans only that they wished to trouble.” One North American died and a number of others required hospitalization before order was restored.<sup>61</sup>

The governments of Panama and the United States came to wildly different conclusions as to the cause of the riot, the disagreement, perhaps more than anything else, highlighting the increasing animosity that characterised the border-crossing leisure dynamic. Panamanian evidence painted a picture of rampaging US soldiers challenging Panamanian sovereignty and dignity; North American officials argued that local police attacked US soldiers without provocation. As the tense negotiations continued, borderland conflicts continued unabated. The two riots in 1915 led to ten dead and over 100 others injured. Outraged crowds of Panamanians stoned a train full of soldiers on its way back to the Zone. While Panama attempted to collect compensation for the extensive damage to storefronts and houses, officials soon found themselves again on the defensive. The United States at one point threatened to take over policing entirely in the terminal cities if Panama did not accept responsibility for the riot. In the end, it demanded that Panama disarm its police force.<sup>62</sup> A humiliated Panama was forced to deliver its police rifles to army bases on the Canal Zone. “This attitude towards a sovereign state which has given to the US evident proofs of friendship and loyalty”, President Porras wrote to President Woodrow Wilson in a futile letter of protest, “is incomprehensible to my government.”<sup>63</sup>

## The Politics of Law Enforcement

Disarming the police force was hardly the first slight to Panamanian sovereignty. The United States, however, usually took a more subtle approach to Panamanian law and law

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<sup>61</sup> Julie Greene, *The Canal Builders: Making America's Empire at the Panama Canal* (Penguin, 2009), 322–33.

<sup>62</sup> C. Mallet to Edward Grey, 6 March 1915, TNA, FO 371/2420; C. Mallet to Edward Grey, 14 April 1915, TNA, FO 371/2420.

<sup>63</sup> Greene, *The Canal Builders: Making America's Empire at the Panama Canal*, 322–33.

enforcement reform. The patron state, for instance, had already quietly obliged Panama to outlaw gambling and opium and cocaine use while imposing stricter measures on the still-legal sex trade.<sup>64</sup> They also insisted that Panama employ a North American police expert to implement US-style policing reforms. In fact, Panama had hired its first North American police expert back in 1905, the year after its military had been disbanded. Panama's public office holders approached these criminal justice impositions in a similar fashion to outside financial oversight. The first US police expert was removed from his post not long after he began due to involvement in local political and financial intrigue. Stonewalling sufficed when co-option proved difficult. Major Wallis B. Clark resigned next in frustration after a few months on the job, followed by Major George Helfert after only ten weeks. Helfert claimed that the terms of his employment made any reform impossible and he refused to serve as a stooge for Panamanian politicians. Counter to historian Thomas Percy's argument that the local elite sought foreign expertise to create a proficient National Police, these reformers portrayed a government that purposefully provided them with insufficient power and a police force that barely acknowledged their presence, let alone authority.<sup>65</sup>

The State Department nonetheless continued to insist that Panama employ North American police experts, suggesting in 1917 that it might prove more effective if Panamanians looked to the Canal Zone for a recruit with previous experience on the Isthmus. The Panamanian Secretary of Government and Justice, Eusebio A. Morales, instead quietly travelled to Washington, DC to secure police officer Albert Lamb, another outsider with no experience or contacts on the Isthmus. "The action of Dr. Morales was characteristic of the Latin American", Lamb came to believe after maintaining his position as Inspector General of the National Police for ten years, "granting the principle asked for and at the same time nullifying its effect." Employing an outsider, as Lamb himself concluded, was a clear sign that Panama "was not

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<sup>64</sup> "Ley 19 - Por la cual se establecen reglas para el comercio y uso de opio y sus componentes, cocaine y sus similares, 22-11-1916" *Gaceta Oficial* # 02485, Asamblea Nacional de Panamá, pp. 6615–6616; Gustavo R. González, "Reseña histórica de los juegos de suerte y azar y de la lotería," *Lotería* edición conmemorativa(1994): 199–201.

<sup>65</sup> Major, *Prize Possession: the United States and the Panama Canal, 1903–1979*, 121, 28, 30, 34; Percy, *We Answer only to God: Politics and the Military in Panama, 1903–1947*, 29–56.

sincere in wanting to have the Corps of the National Police reformed”.<sup>66</sup> And, at least according to one State Department official, the strategy worked. “In my opinion Inspector Lamb, although now doing very well, is scarcely an ideal man for the position he holds. He was willing during some four years to occupy the position of Inspector of Police of Panama and to draw his salary merely as a figure-head.”<sup>67</sup>

The frustration that US officials felt with terminal city policing ultimately stemmed from the fact that local interests did not square with their own. North American officials at base sought an orderly Isthmian environment through which to route goods and people elsewhere, whereas Panamanians hoped to generate as much local economic activity from the US-occupied transit route as possible. This local interest called for a far more casual approach to policing services in demand, whether these activities were conducive to US-desired order or not. The gap that came to exist between the documentable strategies of US domestication and control and the necessarily undocumented practices of Panama are captured in the previously untapped letters and unpublished book manuscript of Albert Lamb.<sup>68</sup>

Lamb joined the National Police in 1917 and set out to reform a force that had an overwhelmingly large number of its members stationed in the terminal cities. As his tenure came to a close in 1927, 618 of the country’s 909 patrolling officers walked the streets of Panama City and Colón. An audit of the government that same year claimed that the terminal cities had an “unusually high” number of police officers: 200 could easily be laid off, it suggested, “without the least harm to public peace or order”.<sup>69</sup> Panamanian office holders undoubtedly disagreed with the report. The police force not only provided a tool for politicians to reward loyal political foot soldiers in the dominant terminal cities but also served as a politicised guard to stifle opposition

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<sup>66</sup> Albert Lamb, “Autobiography - Manuscript,” ARL-NYPL, Box 2, Folder: Lamb-Writings (4), pp. 1–9, 27, 33 1/2 f.

<sup>67</sup> “Memorandum: Report on Note from Doctor Porras,” NACP, RG 59, DF 819.00/787, NAMP M607, Roll 10.

<sup>68</sup> Lamb obviously had a personal and professional interest in highlighting and even exaggerating what he considered Panamanian state dysfunction. Nevertheless, read critically, Lamb’s personal papers provide much relevant information, including statistical data and varied correspondence on the many difficulties he faced working on the Isthmus. Lamb spends considerable time in his book manuscript, moreover, spelling out the unwritten norms that shaped local law enforcement to an imagined audience in the United States, providing explicit details regarding clandestine relationships between politicians, judges, cops, and terminal city merchants involved in illegal trades.

<sup>69</sup> Roberts and Brown, *Investigación económica de la república de Panamá, llevada a cabo a petición del gobierno de Panamá*, 415–16.



and ensure election results. It also functioned as the elite's crucial first line of defence against the consistently threatening social unrest that emerged from the dire conditions of the overcrowded slums of Panama City and Colón.<sup>70</sup> A few extra police officers, from this perspective, were well worth the cost. Indeed, as a point of fact, the police force contained over two hundred more officers in the late 1910s during the tumultuous depths of the economic crisis than it had in 1927.<sup>71</sup>

Serving as a police officer did not make financial sense on paper in the first years of Lamb's tenure. Street-level patrolmen not only had to pay 2.5 and then 5 per cent of their pay to political party coffers but forfeited their entire salary for months at a time during the period of state insolvency in the last years of the 1910s.<sup>72</sup> The numbers did not add up even when the pay arrived on schedule. *La Estrella de Panamá* estimated that it would cost a single person B\$ 81 per month to live in Colón in 1918: B\$ 36 to eat each meal at a "pretty bad" restaurant, B\$ 15 for a decent habitation, B\$ 12 for washing, and B\$ 18 for various other necessary items. A patrolman's salary – B\$ 45 per month – was just over half the required amount. Such challenging economic realities necessitated that law enforcement officials generate other economic rewards using their positions of authority.<sup>73</sup>

Illicit payoffs served as a systematic component of Panamanian governance and prohibited goods and services in high demand were obvious targets for state functionaries. During one opium bust in Panama City, for instance, Chinese migrant Julio Hen offered a police officer between B\$ 300 to B\$ 400 to tamper with the evidence collected at the scene. The officer claimed in court that he was surprised by the request and asked Hen why he believed a police officer would be open to such "tricks". Hen responded that he had experience conducting business in Panama City, Colón, and in El Limite – or, as the officer put it, Hen "had lived in

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<sup>70</sup> Percy, *We Answer only to God: Politics and the Military in Panama, 1903–1947*, 29–56; Szok, "'Rey sin corona": Belisario Porras y la formación del estado nacional, 1903–1931," 50.

<sup>71</sup> "Ley 5 de 1915 - Por la cual se reforma y adiciona la ley 48 de 1913, orgánica de la Policía Nacional, 09-01-1915" *Gaceta Oficial* # 02184, Asamblea Nacional de Panamá, p. 5400.

<sup>72</sup> "Por la primera vez, desde hace algunos años, los sueldos de la policía, están al día" *Diario de Panamá*, 30 April 1919; "Police Object to Bond Plan," *Panama Star & Herald*, 25 May 1918; A. Lamb to W.G. Harding, 17 Aug. 1921, ARL-NYPL, Box 1, Folder: Lamb (5); Percy, *We Answer only to God: Politics and the Military in Panama, 1903–1947*, 40.

<sup>73</sup> "La Policía Nacional hace una petición [sic]," *La Estrella de Panamá*, 25 May 1918; "Memorandum to the President of the Republic in Response to Verbal Request," 16 Aug. 1920, ARL-NYPL, Box 1, Folder: Lamb (6).

Panama for a long time”.<sup>74</sup> Other examples of routine illicit activity surfaced as the few reform-minded officers saw their efforts frustrated by their colleagues. Patrolmen arrested cocaine dealer Juan Grau, for instance, while he separated a significant amount of cocaine into saleable packets at his kitchen table in Colón. The cocaine became fruit salt between the police confiscation and the chemical test. Grau went free without charge. The same thing happened after Panama City Officer Jorge Gonzalez M. arrested Joseph Ogest for selling cocaine to US soldiers Albert Herman and Ralph Wilson. The cocaine disappeared at the police station and officers released Ogest almost as soon as Gonzalez had left the building.<sup>75</sup>

The wheels of the justice system proved slow and ineffective for those actually charged. For example, fewer than 40 per cent of those arrested for opium, cocaine, and gambling in the year that ended on 30 July 1922 stood before a judge more than two years after their arrest (even while the law stated the accused must be brought to trial within 36 days). Judges convicted 58 per cent of those who did receive a trial. The overall conviction rate for gambling, cocaine, and opium activity – usually resulting in a small fine for the convicted – was 65 convictions out of 292 arrests or 22 per cent. Public office holders together with certain police judges “not only fail to do their duty in punishing violators of the law such as gamblers, thieves, vendors of cocaine and opium, and violators of the liquor laws”, Lamb noted, but “use their official positions to protect them”. His conclusion: “The judiciary of Panama is an open scandal.”<sup>76</sup>

From an institutional perspective, the above examples and figures no doubt signal Panama’s “institutional weakness”: the fragility of the Panamanian state made it susceptible to penetration by criminal elements. Such a perspective, however, ignores the coercive power of the United States to compel local government officials to adopt unwanted, costly, and inappropriate

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<sup>74</sup> “Declaración – David Solís T,” ANP, SJ, RC, Juzgado Cuarto del Circuito de Panama (JCCP), Cajón 173, Tomo 1, Expediente 206.

<sup>75</sup> A. Lamb to J. South, 21 July 1922, ARL-NYPL, Box 1, Folder: Lamb (4); “Historia de los acontecimientos desarrollados con motivo de la captura de Joseph Ogest, y de su acusacion ante el alcalde,” ARL-NYPL, Box 1, Folder: Lamb (1).

<sup>76</sup> A. Lamb to J. South, 24 April 1924, ARL-NYPL, Box 1, Folder: Lamb (7). Lamb made similar claims about Alcalde Leonides Pretelt of Panama City. A. Lamb to W.S. Howell, 24 Nov. 1924, ARL-NYPL, Box 1, Folder: Lamb (7); A. Lamb to J. South, 21 July 1922, ARL-NYPL, Box 1, Folder: Lamb (4); Various honorable Christian Panamanians to A. Lamb, 2 April 1924, ARL-NYPL, Box 1, Folder: Lamb - Misc..

laws.<sup>77</sup> Panamanian public office holders did not hide the fact that they disagreed with laws on their own books. The Minister of Foreign Affairs, Narciso Garay, for example, argued that “prohibitionist principles originating in Anglo-Saxon countries” did not gel with Panama’s “national psychology” or local ideas of “social morality”. The battle to suppress cocaine traffic, he claimed further, “has less to do with Panamanian authorities than Americans in the Zone”, the North Americans being “the causal factor for the severe legislation now in force”.<sup>78</sup> Other high level officials openly expressed similar hostility to such impositions. “The game of poker, of which [North Americans] are so fond, constituted for some time a good revenue stream for our Treasury”, President Ramón Valdés told Panama’s National Assembly in a major 1916 speech. It was only when US officials became “alarmed” by “the river of gold that their employees left us” that they quickly insisted that Panama criminalise a game of “which professionals do not consider a game of chance”.<sup>79</sup> Slow, ineffective, and “corrupt” law enforcement practices, from this local perspective, were in fact a pragmatic and imaginative adaptation that enabled locals to circumvent these damaging foreign legal impositions.

Lamb’s 1924 attempt to investigate a “cocaine trust” in Colón throws the institutionalised nature of illegality into sharp relief while highlighting the way that Lamb unwittingly acted as a tool in local political contests. Lamb first became aware of the trust through a letter received from “various honorable Christian Panamanians”. The authors alleged that the president-appointed governor of Colón, Juan Demóstenes Arosemena, and Alcalde Grimaldo directed a lucrative drug ring along with Arosemena’s wife, her brother (a deputy in the National Assembly), and a local medical doctor with previous narcotics charges on the Canal Zone. The trust reportedly used prostitutes to influence soldiers and sailors to try cocaine – its goal apparently to “poison the largest number of US Army soldiers”.<sup>80</sup> Save police officer Captain

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<sup>77</sup> That Panama’s office holders openly expressed frustration with prohibition-type policies put them firmly in line with elite governing thought around the world during this period. Courtwright, *Forces of Habit: Drugs and the Making of the Modern World*, 165; Paul Gootenberg, “The ‘Pre-Colombian’ Era of Drug Trafficking in the Americas: Cocaine, 1945–1965,” *The Americas* 64, no. 2 (2007): 136.

<sup>78</sup> Narciso Garay, *Memoria del Ministerio de Relaciones Exteriores*, 1922, Ministerio de Relaciones Exteriores, Panama City (hereafter MRE), SB, p. 3; Albert Lamb, “Autobiography - Manuscript,” ARL-NYPL, Box 2, Folder: Lamb-Writings (3), pp. 66–68, 116–120.

<sup>79</sup> “Mensaje del señor Presidente de la República a la Asamblea Nacional,” *Diario de Panamá*, 14 Sept. 1916; “Mensaje del señor Presidente de la República a la Asamblea Nacional,” *Diario de Panamá*, 15 Sept. 1916.

<sup>80</sup> Varios panamaños cristianos y honrados to A. Lamb, 2 April 1924, ARL-NYPL, Box 1, Folder: Lamb - Misc..

Carmelo Conte, the letter warned, no Panamanian official or police officer in Colón ought to be trusted. Lamb assembled a Panama City team to accompany him to Colón to investigate the charge but faced powerful resistance before he had even arrived. Governor Arosomena tellingly complained to President Porras that the political motivations of Captain Conte turned the investigation into nothing short of an “inquisition”. Secretary of Government and Justice Rodolfo Chiari called the investigation off and ordered Lamb and his detectives back to Panama City less than two days after they arrived.

Chiari won the presidential nomination of the National Liberal Party only days later and went on to become the President of Panama from 1924 through 1928. The cocaine investigation, in Lamb’s view, had fallen victim to political horse-trading, as Arosemena played a significant political role at the 1924 political convention nominating Chiari (he maintained his position as governor of Colón under the Chiari administration and also became the secretary of public works). The period between Chiari’s nomination for President and the election, however, provided an opening for Lamb because Chiari had to resign from his post as the secretary of government and justice to run for president. Lamb wrote to President Porras directly, requesting that he “restore the right to me to make this investigation”. President Porras – by all accounts a shrewd politician – undoubtedly saw his cooperation as the most politically expedient method to put the issue to rest. He agreed to support the investigation and, indeed, Lamb reported to the American Minister to Panama that Porras was uniquely cooperative. The investigation resumed and Lamb’s team uncovered significant evidence of high-level involvement in the cocaine trade. Lamb submitted the evidence to Porras, who then dutifully turned the evidence and charges to Superior Judge of the Republic Francisco de la Ossa.

Shortly after submitting the charges, however, Porras quietly ordered the Judge to suspend all action on the case. The charges disappeared. Frustrating silence soon turned to knowing disappointment for Lamb. The investigation was for naught. Lamb cited a “well founded rumor” he heard shortly thereafter. A delegation from Colón headed by Arosemena’s brother-in-law, the deputy of the National Assembly and a reported member of the “cocaine trust,” called on Porras. He threatened that he and others would establish an oppositional

newspaper if the investigation continued.<sup>81</sup> The power of the “cocaine trust” was reportedly too much for Porras, who buried the case in order to maintain crucial political support. This was Lamb’s understanding. It seems just as likely, however, that Porras easily outwitted Lamb in the game that office holders inevitably play in client states: that is, maintaining the illusion of colonial cooperation while pursuing their proper interests through anticolonial methods that inevitably break the law.

The necessarily clandestine nature of regular state activity inevitably left state agents at all levels insecure and open to politically motivated attacks. A 1921 opium scandal provides an example of corruption allegations that stuck. The roots of the scandal began when the head of Lamb’s Detective Bureau, Captain David Solís T., was suspended for using cruel methods to gain confessions.<sup>82</sup> Lamb ordered Aurelio Bermudez to take over for Solís in Panama City and assigned the former head of the Detective Bureau to command the province of Chiriquí after his reinstatement. Unhappy in Panama’s interior, Solís jockeyed to get back to the capital. He requested and received permission from President Porras to visit his family in Panama City. Then, Lamb writes, he “attached himself by some intrigue to the President and remained in his personal service for a considerable period”. Solís wanted his old job back.<sup>83</sup>

What at first glance appeared to be an arbitrary police raid on a Panama City opium den was actually Solís’s well orchestrated coup to regain command of the Panama City Detective Bureau. With the backing of President Porras – and unknown to detectives who worked under Bermudez – Solís targeted the Chinese Social Club with an ex detective demoted at the same

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<sup>81</sup> The details of the “cocaine trust” investigation was found in A. Lamb to J.W. South, 24 April 1924, ARL-NYPL, Box 1, Folder: Lamb (7). The only evidence for the “cocaine trust,” in the end, is the clearly politically motivated letter and Lamb’s assurance that he in fact uncovered evidence of wrongdoing. It is worth noting, however, as others have, that drug trafficking traditionally involves wealthy participants with both political and international connections. The governor, in effect, fits the description. See Eduardo Sáenz Rovner, *The Cuban Connection: Drug Trafficking, Smuggling, and Gambling in Cuba from the 1920s to the Revolution* (Chapel Hill: University of North Carolina Press, 2008), 13.

<sup>82</sup> This was not the only time that Solís was accused of unduly harsh techniques. See “David Solís suspendido en sus funciones de capitán de policía y arrestado por orden de juez superior,” *Diario de Panamá*, 4 March 1922, p. 1; “El Capitán Solís acusado de emplear medios inquisitoriales para arrancar confesiones a presuntos reos,” *Diario de Panamá*, 6 March 1922, p. 1. Solís claimed the charges were politically motivated. David Solís T., *Recuerdos policivos (páginas tomadas de mi record)* (Panamá: Tip. Henry, 1923).

<sup>83</sup> Albert Lamb, “Autobiography - Manuscript,” ARL-NYPL, Box 2, Folder: Lamb-Writings (3), pp. 257–258.

time as his suspension.<sup>84</sup> Solís arrested a surprised owner, Lang Fong, and a number of others at the club and later uncovered a safe that contained the club's business records. The records included a list of patrons with credit, opium quantities sold (listed under arroz verde or green rice), employees' salaries, and the many illicit pay-outs that Fong made to state agents for protection from prosecution. An angry Fong went down swinging, arguing publicly (that is, before he was ordered deported) that the raid had nothing to do with the law. Rather, he claimed that he was the victim of competitor Juan Julio and Captain Solís in an act "of revenge and competition for business".<sup>85</sup>

Fong had every reason to be upset. The Chinese Social Club had made routine illicit payments to members of the police, detectives, customs officials, and higher-ranking public officials. He paid the detective force B\$ 250 on 1 June 1921, seven detectives B\$ 49 on 4 June 1921, an unrecorded number B\$ 7 on 6 June 1921, and B\$ 20 the next day. Fong paid B\$ 76 to ten detectives on 10 June 1921 and B\$ 60 to 12 detectives eight days later. Similar pay-outs were made another 15 times between 18 June 1921 and 5 August 1921, with the smallest pay-out recorded at B\$ 5. Many, however, were significantly larger. Fong recorded Captain Aurelio Bermudez, Solís's replacement, as having received a total of B\$ 850 during the period. His second in command collected another B\$ 250.<sup>86</sup>

Fong's account book and testimony led to many high ranking officials publicly tarnished, notably Solís who reportedly received illicit funds from the Chinese Social Club prior to his suspension. Solís, however, was not charged with wrongdoing and neither was the Captain of the Port nor a number of those holding higher public offices. Such explosive charges required a separate investigation and led the President to order Subinspector Ricardo Arango to conduct an internal inquiry. Arango then turned the report over to the president who promptly "lost it". When the judge questioned the subinspector about his findings, Arango professed not to

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<sup>84</sup> "Declaración – David Solís T.," ANP, SJ, RC, JCCP, Cajón 173, Tomo 1, Expediente 206.

<sup>85</sup> "Entrada # 156, Salida #588, Segunda parte de los empleados públicos que aparecen sobornados por asiáticos," ANP, SJ, RC, JCCP, Cajón 173, Tomo 1, Expediente 206; B. Porras to R. Estripeaut, 13 diciembre 1921, ABP, Tomo 4, Serie 5-1, 1920–21, Folder Secretario de Gobierno y Justicia.

<sup>86</sup> "Entrada # 156, Salida #588, Empleados públicos que aparecen sobornados por los miembros que componen el negocio del fumadero de opio descubierto por el Capitán Solís en la Avenida B-3 casa número 53 el día 7 agosto de 1921," ANP, SJ, RC, JCCP, Cajón 173, Tomo 1, Expediente 206.

remember any of the detail, confirming, as Lamb put it, that “the men of wealth, political influence, or social standing, cannot be convicted in the courts of Panama, no matter what may be the nature of the evidence”. Aurelio Bermudez and 12 of his detectives were not so lucky. They were charged and detained. Ten months after the raid, Bermudez escaped from his jail cell and fled the country with an ease that led some to believe that the long-time captain knew too much to be brought to trial. The trials of the other detectives had still not begun two and a half years after the initial charges. They would wait nearly a year and half longer before the cases resolved, with only three of the 13 serving jail time. The court absolved some of the detectives, while others fled the country, but by that time – nearly four years after the scandal erupted – any public outrage or indeed interest had long dissipated.<sup>87</sup> The raid, then, ought to be read as little more than a successful political manoeuvre on the part of Solís to regain control over the detective bureau. Or, put another way, the issue was never about law enforcement practices – it was about control over law enforcement practices and the resources that such control garnered.

## Commentary and Conclusion

The “cocaine trust” and the opium raid provide two different charges of corruption in an institutional environment in which actors walked a precarious line between colonial cooperation and anti-colonial and often illegal local interest. Each case had little to do with genuine whistle blowing and more to do with manipulating the particularities of client state governance. Political power trumped evidence. Solís used corruption to great effect with the backing of the president of the republic; an unsuccessful Conte, on the other hand, sought the support of the relatively marginal North American police expert. The allegations withered and died on the vine. The difficulties that Lamb faced in pursuing the “cocaine trust” illustrate just how successful Panamanian power holders were at minimizing certain foreign impositions, whether quasi-colonial officials like Lamb or colonial laws like the criminalization of cocaine. The whole of Lamb’s records, in fact, reveal a foreign police reformer easily managed by local elite.

That office holders were able to stifle outside control of local governance does not detract from the broader impact of North American power. Indeed, as this article has illustrated, the

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<sup>87</sup> Albert Lamb, “Autobiography - Manuscript,” ARL-NYPL, Box 2, Folder: Lamb-Writings (3), pp. 260–262.

Panamanian state developed fully within the contours of US imperial domination. The excessive regulatory environment of the Canal Zone forced workers and soldiers into the republic for the purpose of entertainment. The lack of other licit economic opportunities vis-à-vis the US-occupied transit route compelled local merchants and officials to foster strategic border crossings in order to exploit the canal-inspired demand for booze, gambling, sex, and drugs. The fact that the alcohol-soaked entertainment scenes fostered violence and hostility between Panamanians and North Americans did little to deter traders and state officials from maintaining unwritten working relationships, so to continue servicing demands that fell outside of both North American interests and Panamanian law. It was in this way that illegal activity became interwoven into early state formation, enabling politicians to consolidate personal economic and political power and fund the revenue-strapped project of state modernization, while also ultimately ensuring that Panama remained an unruly Central American outpost of US imperial power for decades to come.