CHAPTER – I

PANAMA IN THE HISTORICAL SETTING
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The name 'Panama' apparently comes from an Indian word meaning 'land of many fish'. There are also equal claims that the name has been derived from the word 'Panaba' or 'Panna mai' which in the colloquial expression of the Cuna Indians meant, 'far way'. It is believed that when the Spanish conquistadors first encountered the Cuna Indians and inquired about the treasures of the New World, the natives, being suspicious of the strangers, in reply, told 'Panna mai' hoping that the conquistadors too would go away.

Panama however was destined to be the centre of the world. The greed for gold caused the discovery of the country but the unique location, from the very beginning, shaped the isthmus of Panama to be the crossroads of the world – a meeting point indeed! It is here the two Americas meet and the two vast oceans of Atlantic and the Pacific, reaching out to five continents of the world, join here and form an interoceanic maritime highway of distinction. Territorially appearing like a recumbent letter 'S', Panama stretches east
and west for four hundred miles connecting Central and South America. While the northern limit of the country extends upto the Caribbean sea, blue waters of the Pacific gracefully wash the Savannas of the 'land of many fish' in the south.

Apart from the two ocean advantage of the country, the land narrowness of the region turned out to be a strategic strength for Panama, which, ever since the regions first encounter with Europe, revolutionalised the imagination of the maritime explorers and laid the foundation of the isthmian country's prospect as the maritime crossroad of the world. Inhabited by traditional Indians like Cunas, the Guaymis or the Chocos, till the land was discovered, the history of the isthmus was the sum total of the history of these Indian tribes. The modern history of Panama however begins with the arrival of the Spaniards who not only colonised most part of the new world but redefined the political prospect of the region in consonance with the Spanish vision of empire building.
Panama Encounters the Spaniards

The meeting of the old world with that of the new was a strange encounter of unknowns. Soon after discovering Hispaniola, the Spaniards, in their predominant pursuit of treasure hunt, continued the odd and difficult sea voyage in the Atlantic and within a few years discovered the whole of the new world. The case Panama, from the point of view of discovery as well as from the point of Spanish territorial organisation, records however, a chain of peculiar events.

In the spring of 1501, Spanish explorer Rodrigo de Bastidas, sailing from Santo Domingo in the course of a usual treasure hunt expedition landed in Panama.\(^1\) Bastidas is the first European to have landed in Panama. After pursuing an intense search of over hundred mile zone in the isthmus, Bastidas had to finally return to Hispaniola without the fortune of the treasure. After a period of nine years, a member of his crew, Vasco Nunez de Bolboa escaped from Hispaniola to Panama as a stowaway. It is this Bolboa in

whose name Panamanian currency is known, who began to redraw the political horoscope of Panama. Unlike Bastidas, Bolboa stayed in the region and for the first time learnt of the existence of Pacific Sea. Finally, on 13 September 1513, Bolboa landed on the shore of the Pacific. Standing on the shore of the Pacific, Bolboa claimed the land as well as the water, whatever he could see to the king of Castile.²

**The Destiny of Political Uncertainty**

From Bolboa onwards began the colonial history of Panama. The unique geographic location of the region however, provided Panama a fluctuating identity and kept the territory under vacillating political prospect.

As far as the political administration over Panama was concerned, for all practical purposes, the final administrative authority rested with the mainland Spanish Crown.

² Bolboa reportedly became bankrupt in Hispaniola and in order to escape the creditors, he escaped to Panama and in the eastern province of Darien he started residing. He however befriended the native Cuna Indians and as a prize for his friendliness, the Cuna Indian Chieftains daughter married Bolboa. His association with the Indians gave him the information that there is another sea towards the South of Panama. Empowered with this information he finally discovered the Pacific ocean which was known as 'South Sea' among the Indians. See Ibid.
However, as far as the execution of political authority was concerned, along with the tune of power rivalry between the Spanish Adelantados, the destiny of the isthmus traversed through an uncertain political course and kept on being shifted from the Hispaniola's administration to Central American and finally South American jurisdiction.

Since the Spanish administration in the new world began from Hispaniola and it is from this place Bolboa escaped and discovered Panama, Hispaniola claimed jurisdiction over the isthmus of Panama in the early days of the discovery. Hispaniola even represented their claim in the Spanish court. However, as the Spanish empire in America was gradually organised, the kingdom of Panama was included in the prestigious Vice-royalty of Peru. In 1538 however, the Audiencia of Panama was erected which included the area of Nicaragua to Cartagena and extended southward to the Strait of Magellan. The prestige of this

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3 The first Spanish Audiencia in the New world was established in Hispaniola, Santo Domingo. Columbus being the discoverer was appointed the first Adelantados of Hispaniola. After Columbus his son Diego Colombus in 1509 was appointed the Governor of Hispaniola and from that time there was claim of Santo Domingo's jurisdiction over Panama. The island tribunal also claimed authority over Honduras as well as Nicaragua. For details see C.H. Haring, The Spanish Empire in America (New York: 1963), pp.74-6.

4 Ibid, pp.82-3.
isthmian Audiencia was such that the judicial appeals from the provinces of the Rio de la Plata were also heard in Panama.\(^5\)

The arrangement however survived only for four years and the Audiencia of Panama was abolished in 1542. During the next twenty-five years, the administrative control over the isthmus kept on changing from one authority to the other. The region was twice, for a short time annexed to Central America. In 1567, again it was annexed to the Vice-royalty of Peru but with an Audiencia of its own. This territorial arrangement continued till the middle of the 18\(^{th}\) Century. In 1751, Panama became a dependency of Santa Fe de Bogota in Colombia.

Panama became independent from Spain in 1821 and continued as a province of New Granada, which consisted of Ecuador, Colombia, Panama and Venezuela.\(^6\) However, the political uncertainty over Panama continued. It is interesting

\(^5\) From 1538 -1542 the Audiencia of Panama commanded great political prestige. In 1542 the declaration of the 'New Laws' provided for the erection of the two new audiences in Peru and Guatemala and at the same time the Audiencia of Panama was abolished. See Ibid.

\(^6\) After independence, Panama joined the confederation of Gran Colombia the architect of which was Simon Bolivar.
to note here that by 1840, there were three apparent attempts by Panama to secede from the federation of Colombia which subsequently was highlighted by the United States as the chronic 'run away' tendency of the isthmus for an independent political entity. It is however an established fact that Panama since 1821 until its independence in 1903 got totally mired in the political confusion of the Colombian central leadership and languished as a neglected jungle province of Colombia. 7

The shifting of political authority from Santo Domingo to Lima to Bogota might have served the contemporary

7 Panama in the confederation of Gran Colombia remained as a neglected province and the central leadership not only underscored the local leaders but discounted their political prominence. In this case the dismissal of Colonel Tomas Herrera from the military command of Panama in late 1830s is a case in point. Herrera by 1839 was a leading political figure of Panama and upon his dismissal, he made public the dispatches between him and the President Jose Ignacio de Marques. Accompanied by these political developments, the great rebellion of 1839-41 virtually shook the Colombian central government. Panama at this juncture is reported to have seceded from the confederation and reportedly also contacted Costa-Rica and the United States for political recognition. Again there was also the change of flag which strongly indicates the Panamanian run away tendency.

On the other hand, it is interesting to note that it was a change for only thirteen months and more than the desire to secede, it was an attempt on the part of the Panamanians to demand for better centre-state relationship and more particularly it was directed to improve the political and economic fortune of Panama. A very interesting fact to be mentioned here is that, just after thirteen months, Panama rejoined New Granada without any apparent opposition to loss of independence. Otherwise also, Panama prior to this development had displayed the central government’s neglect of Panamanian problems but time and again had reposed the Panamanian faith on the Colombian government. Only thing that apparently happened was that, the central government itself remained mired with political problems and inadequate leadership which highlighted the apparent run away tendencies of almost all the provinces of Gran Colombia. A very interesting account of this development is given in J. Ignacio Mendez, “Azul Y. Rojo: Panama’s Independence in 1840” Hispanic American Historical Review (Duke Univ. Press: 1980), 20(2), pp.269-93.
political purpose of the Spanish empire in America, however, the continuous shifting terribly diluted the political identity of Panama and rendered the isthmus as no more than a cross road which helped transport the riches of the new world to the power centres of Europe. As a result of this orientation, the socio-political tradition of Panama gradually remained concentrated to the business of transportation and the socio-cultural affairs of the region tended to be influenced more by a very active business class that topped the social hierarchy of the isthmus. Emanating from the business of transportation, Panama therefore historically championed the trait and in course of time, emerged as a vital cross road of global trade and commerce at various points of time. 8

8 Taking advantage of the geographic location and the territorial narrowness of Panama, historically there emerged a class who specialised in the trade of transportation. The merchant class commanded a significant position in the society and their influence was such that the two provincial civic bodies like the Sociedad de Amigos del Pais and the provincial body of Camara was mostly dominated by the merchant class and they greatly influenced policy matters that affected the isthmus. It was difficult in 1850 to find a businessman or an hacendado (the two common occupations in the province) who was not also a merchant or who did not have, at the minimum, ties to a merchant. For details see Ibid.
Devoid of political attention from the central leadership, Panama however, since the days of its discovery, assumed to be the vital artery to transport the invaluable riches of the Spanish America to Europe. It may be noted here that the ‘new world’ indeed provided enormous amount of gold, silver, emeralds and many other precious metals to the Spanish Crown. Particularly Peru remained pre-eminent in the minds of the Spaniards due to the profusion of its gold and silver mines. Throughout the length and breadth of the Andes, starting from the northern part of the present republic of Peru down to Chile and again the borders of Argentina, there were abundant deposits of silver. In the process of taking over the Inca empire, the conquistadors are believed to have seized more than two and half million dollars of silver.\(^9\)

The rich mines of silver were also found in the region of Bolivia and in the following century, these mines were known for producing 400 million pesos in silver bullion. In

terms of quantity, gold was less available. However, starting from the Peruvian region and subsequently from New Granada, enormous amount of gold was mined for the service of the Spanish Crown. New Granada also produced emeralds and continued to be the centre of attraction of the Spanish administration for its wealth.

The fact however remained that, whatever exploits were available from the Vice-royalty of New Spain as well as the Vice-royalty of Peru, the entire wealth were to be collected from the western parts of the Americas and were to be transported to Spain. It is here that the isthmus of Panama kept a high profile. Varying in width from 30 to 120 miles between the seas, the isthmus of Panama indeed provided the most short cuts for the Spanish wealth to be ferried to the Atlantic coast of Nombre de Dios or Portobello in the isthmus of Panama for their onward trans-shipment to Spain. Mule trains brought them from the hinter land and Portobello trans-shipped them to Europe. Spain in return sent commercial goods for sale in the Americas and it is this Portobello which emerged as a great trade fair centre of the Americas. Panama in the process became a very popular
business centre as well as one of the main zone where goods from far and wide were collected and then found their way to their respective destinations.  

The Spanish Canal Vision

It is the geography of territorial narrowness of the isthmus of Panama that played a predominant role in defining the socio-economic and the political character of Panama. As discussed earlier, Panama became the conduit for transportation of the Spanish royal wealth from the Americas and that accorded political prestige to Panama as well as promoted the isthmus as a regular transit route for their exploits to reach Spain. In the very early days of the Spanish administration, in the process of developing Panama as a transit route, the Spaniards toyed with the idea of building a canal that can join the two seas and provide a water passage for the Spanish ships.  

It is however, essential to note here that, before the Spanish administration took hold in the isthmus, Alvaro de Saavedra, an engineer from Castille was the first ever person to see the dream of an inter-oceanic canal. An explorer in the Bolboa team, Saavedra urged for an search along the isthmus to see if there is any strait that connects the two seas. In the following years, Saavedra undertook a meticulous survey of the entire region from the Gulf of Mexico down to Colombia and since he did not find any natural strait connecting the two vast oceans, he organised an extensive survey to find out the feasibility of any artificial strait in the region. Saavedra's study identified four potential places for such a venture and they are, Tehuantepec in Mexico; sourcing the lake Nicaragua and the San Juan River across Nicaragua; the next was at the centre of isthmus of Panama near the present canal site and the last one was in Darien, the eastern part of Panama.12

Sourcing the findings of Saavedra and in recognition of the necessity of smooth transit way across the region, the Spanish administration toyed with the artificial canal

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12 For the canal initiative of Saavedra, see Denison Kitchel, The Truth-About the Panama Canal (New York: 1978), pp.31-2.
proposal for over fifty years. In 1567 however, the Spanish Crown, by a decree, stalled the Spanish attempt of building any artificial water way anywhere in the Americas. As a result of this development, the Spaniards for the next two and a half century had to make do with the traditional method of carting the mule trains in land to the Atlantic coast.

The French Canal Fiasco

Come the last half of the 19th century, the vision for building an artificial water way again surfaced. This time however, away from the religious prescriptions and of course, with the strength of far superior engineering technology that was available by then which the Spaniards lacked three hundred years ago, a French visionary Ferdinand de Lesseps took the historic step towards building a canal in Panama. Ferdinand de Lesseps was no ordinary man. In the

13 After conducting proper surveys, finally basing on a strange religious consideration, the canal project was damned by Spain. Considering from the point of view of religion, it was argued that since God has not built any natural canal to join the two seas, it would be His wish not to do so artificially. Any attempt in building an artificial water way would therefore be blasphemous. Religious rigidity of 16th century can be understood which finally prevailed to stop any guided canal building in the Americas. Finally in 1567 Phillipp II, Spain, decreed that since God had not seen fit to divide the land, for man to do so would be sacrilegious. See Ibid.
contemporary popularity standard he was one of the most popular architect that time had ever produced then. He was the principal architect of the 105 mile long Suez canal that joined the Mediterranean with the Red Sea. Under the leadership of Lesseps when the Suez canal project was completed in 1869, it was indeed an engineering wonder of the time and the accomplishment virtually demified Lesseps and bestowed on him the rare honours and popularity.\textsuperscript{14}

Elated by the Suez success, Ferdinand looked towards the Americas for a repeat performance and the most obvious project he identified was the building of Panama canal to join the Atlantic with the Pacific ocean. In an interesting coincidence, in 1870s, when Lesseps was visualising the Panama canal project, a French naval officer Lieutenant Lucien Napoleon Bonaparte Wyse having personally spent two years in the isthmus of Panama, managed to secure a 99 year concession right to construct an inter-oceanic canal from New Granada of which Panama was a province.\textsuperscript{15} Lesseps purchased Wyse's canal construction right for US $
10 million and formed a private canal construction company, i.e. "La Compagnie Universelle du Canale Interocanique de Panama" which was popularly referred to as the French Panama Canal Company.\textsuperscript{16}

In the financial front, Lesseps floated public subscription and even before working out a detailed canal project, raised a canal fund of US $ 100 million. In subsequent canal promotion measures, Lesseps generated a total of US $ 275 million. All the money came from all over the world and strengthened the Panama canal resolve of Lesseps.

In the engineering front also, Lesseps gave a grand start to the canal project. He started the venture in 1879 and it is said that the engineering equipments he brought in for the mega canal project in Panama were infact far more in number and capacity than what the Americans used subsequently to build the same canal. Along with the machinery, men and material were also brought from far and wide. Hundreds of skilled workers came from France and

\textsuperscript{16} Ibid.
other places. Thousands of labourers mainly drawn from West Indies were assembled for the construction work and the work progressed very fast in the first year.

From the second year onwards the French Canal Company's nightmare in Panama began. It all happened as a result of lack of proper study of the topography of the region and the absence of a well devised master plan. Whatever digging work was undertaken, the torrential rain flooded them away and there was no plan to harness the flooding of the Chagres river in the area which compounded the problem. Secondly, the most profound failure on the part of the planners was that there was no climate and sanitation survey of the area. Workers began to die of malaria and yellow fever so fast that the construction project virtually became their entry into a death pact. As many as 20,000 canal work force died before the project was abandoned. 17

As the canal work continued, it became more and more evident that it is heading for a disaster. Whatever fund

had been raised just got drained out. Inspite of the French governments initial refusal to support the project financially, in December 1888 the issue of a lottery bond was finally authorised. However, these proved under-subscribed and the company had no alternative than to sink. In 1889 the project of Lesseps was abandoned and the canal company was declared bankrupt. De Lesseps was subsequently arrested and convicted of financial mismanagement and misappropriation.18

With this, ended one chapter of the canal history that had begun from Saavedra. Nevertheless, this was also the beginning of a new chapter where the canal concept was not only taken to its logical end but the course of the canal redefined the political character of the isthmus.

18 The developments in Panama took very ugly turns in France and the French Government had to institute an inquiry commission which finally found the Panama canal company's financial management one of the greatest mismanagement of the time and even de Lesseps was awarded a five year imprisonment conviction. However, considering his popularity and his contribution, he was pardoned off the jail term.