Chapter 2

The Shaping of Elite Political Culture
During the Ancien Regime, 1903–1968

This chapter discusses the historical and structural factors that shaped the nature of Panama’s elites at the start of the republican era. First, the extent to which the predominance of the transit route shaped the nature of the Panamanian economy. Panama’s economy since the colonial period has been tied to the transfer of goods across the narrow stretch of the Isthmus. This phenomenon has affected the behavior and values of elites, as well as the institutional structures of the State. Second, the increasing political influence and intervention of the United States. The Panamanian constitution of 1904 gave the United States the right to intervene militarily to “secure the public peace” whenever the United States deemed necessary. The treaty for the construction of the Panama Canal also gave extraordinary powers to the United States. Third, a high level of ideological consensus among Panamanian elites. Liberal economic ideas have dominated the political dialogue of elites since before the establishment of the republic. Both conservative and liberal elites saw Panama as a function of its geographic position, and thus supported the development of political and economic structures that deepened Panama’s insertion into the world commercial system. Fourth, the existence of a commercial elite that has, in alliance with the United States, held tight control over the apparatus of government and the principal mode of production. While the ruling class has been open to the incorporation of wealthy, European and U.S. immigrants, they have traditionally excluded popular sectors from participating in the nation’s politics. In many ways, the structure of Panama’s economy weakened the development of strong labor and popular groups.

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The Impact of Geography on Politics and Culture

Since the discovery of *Mar del Sur* (as Spaniards called the Pacific Ocean), the Isthmus of Panama has been used as a zone of transit. With the passage of time, Panama developed into the most important intercontinental transit route. For Panamanians, that is the principal role assigned to the Isthmus by history. Panama’s motto is *Pro Mundi Beneficio* (“At the Service of the World”).

Panama demonstrates how the physical environment shapes the formation and development of the social institutions of a nation. In the case of Panama, this phenomenon has been called *transitismo* (pre-eminence of the transit route). According to Panamanian historian, Alfredo Castillero Calvo, the Spanish Crown assigned a transit role to the Isthmus. In other words, to serve as a land bridge for the transportation of gold, silver, and other merchandise between the Pacific and Atlantic oceans. Between 1543 and 1748, Panama became the center of a mercantile system based on galleons and fairs with a local productive sector that, while not dedicated exclusively to supporting this system, depended enormously on it (Castillero Calvo 1973, 18–21; 1980; 1983).

As a result, and differently from other regions of Latin America, the dominant class came to be composed primarily of merchants. The pattern of colonization also favored the capital city. For example, in the first census of 1607, almost half of the 12,000 people living on the Isthmus lived in the capital city of Panama (Castillero Calvo 1973, 26).

An Economy at the Service of the World

The Panamanian colonial elite based the economy on monopolistic control of the transportation of goods from one ocean to the other, the renting of property, and the representation of foreign interests. In reality, the limitations of this economy placed the local elite in a dependent position, even lacking the stability that capital finds necessary for its operation and expansion.

Local commerce was subject to the frequency of the fairs held in the Atlantic city of Portobelo to sell the goods crossing the Isthmus from other parts of the Indies. This caused prolonged periods of economic stagnation as the fairs became more sparse. After 1750, the Isthmus entered a period of deep economic depression as the route around Cape Horn became cheaper than crossing Panama (Castillero Calvo 1980, 13–33).