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PG 322 Authoritarianism and Illiberalism

Professor Patrick O’Neil

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Introduction

On December 20, 1989, years of tension between the United States and the Panamanian regime of Manuel Noriega culminated in a military action known as Operation Just Cause. The objectives of the effort, sanctioned by President George H.W. Bush, were to “…protect U.S. citizens living in Panama, secure the Panama Canal and U.S. military installations, help the Panamanian people restore democracy, and arrest Noriega and bring him to the United States for trial.”¹ Noriega previously had been closely tied to the United States military and Central Intelligence Agency (CIA), cultivating friends among the elite and allowing the American military to funnel resources through Panama to pro-American forces in Nicaragua and El Salvador.² However, the relations between the United States and Noriega deteriorated, especially once he rejected the results of the 1989 Panamanian national elections and cemented his position as the de facto leader of the country.³ These tensions were exacerbated by his ties to Cuban leader Fidel Castro and many allegations of drug trafficking, repression of civil society, and money laundering.⁴ Increasing acts of violence against Americans working and living in the Panama Canal Zone began to occur in late 1989, finally triggering the United States to take action and launch Operation Just Cause.⁵ Noriega’s Panamanian Defense Force (PDF) was put down after four days of fighting, and Noriega himself surrendered on January 3, 1990.⁶ The Bush administration then quickly returned control of Panama to the new president, Guillermo Endara, who was duly elected in the 1989 presidential election. From that point, Panamanian officials

³ Tucker, The Cold War, 1254.
⁴ Tucker, The Cold War, 1256.
⁶ Conniff, Panama and the United States, 117.
began the process of rebuilding the nation and in the three decades since the invasion, Panama has become one of the most stable and economically developed democracies in all of Latin America. How can this be so? Not only is Panama geographically located in an area characterized by political instability and authoritarianism, but it is also one of the only modern cases of successful democratization via foreign-imposed regime change (FIRC). Why was Panama specifically able to successfully institutionalize democracy after the U.S. intervention?

This paper seeks to understand the complicated relationship between military dictatorships, foreign military invasions, and successful transitions from authoritarian regimes to democracies. With the failed U.S. invasions into Afghanistan and Iraq in the early 2000’s, something about Panama clearly enabled it to succeed where many others have failed. Surprisingly, most scholarly works on successful instances of FIRC disregard Panama as an outlier, or merely note its success but do not attempt to explain why. This paper proposes five elements, some potentially unique to Panama and some not, that illuminate why Panama was able to successfully democratize as a result of foreign military intervention. While more work needs to be done to understand these in depth, these elements can help shed light on FIRC as an institutional practice, Panama itself, and future lessons for democratization. I propose that Panama succeeded because (1) its broader regional context, (2) its prior experience with democracy, (3) its long term relationship with the U.S., (4) its transitionary stability provided by regime-era holdovers, and (5) the impending transfer of the Panama Canal.

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Literature Review

Comparativists and international relations scholars alike have devoted much time and attention to the study of foreign-imposed regime change. Historically, the imposed transitions of Germany, Italy, and Japan following WWII have been the focus of most scholarly works on foreign military intervention. More recent literature on FIRC has focused on the invasions of Afghanistan in 2001 and Iraq in 2003 by the United States. However, successful democratization as a consequence of foreign intervention remains a hotly contested theory. Many scholars argue that it exacerbates issues in the target country or does not increase the odds of successful democratization taking place. Others have argued that FIRC is a net-positive in the international system and is a legitimate tool for powerful states to spread democracy. Finally, a third group of scholars believe that the success of FIRC is largely dependent upon various factors affecting the target state or the intervening state. These three schools of thought dominate the literature on foreign military interventions and were also articulated in influential works on FIRC by Alexander B. Downes and Jonathan Monten. The Panamanian case therefore stands out as it defies many commonly held beliefs about when democracy will be successfully institutionalized following authoritarian rule.

Supporters of Foreign Intervention as a Method of Regime Change

Literature supporting foreign intervention as a means of regime change is not as prevalent in academia likely due to the fact that there is compelling empirical evidence that foreign

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intervention with the goal of spreading democracy is detrimental to target states in many cases.\footnote{Richard L. Millett, “The Aftermath of Intervention: Panama 1990.” \textit{Journal of Interamerican Studies and World Affairs}, vol. 32, no. 1, [University of Miami, Wiley, Center for Latin American Studies at the University of Miami], 1990, pp. 1–15.} However, support for FIRC is particularly popular within American politics and interventionism due to a perceived threat has become a hallmark of American foreign policy.\footnote{Russell Crandall, \textit{Gunboat Democracy: U.S. Interventions in the Dominican Republic, Grenada, and Panama}, Lanham [Md.]: Rowman & Littlefield Publishers, 2006.} International democracy promotion motivated the United States throughout much of the Cold War period and resurged powerfully again after the September 11, 2001 terrorist attacks which spurred the aforementioned invasions into Afghanistan and Iraq as a part of the War on Terror.\footnote{Margaret G. Hermann and Charles W. Kegley Jr., “The U.S. Use of Military Intervention to Promote Democracy: Evaluating the Record,” \textit{International Interactions}, Vol. 24, No. 2 (June 1998).} The United States has faced international criticism for these attempts at foreign influence, particularly in the case of its invasion of Panama.\footnote{Conniff, \textit{Panama and the United States}, 117.}

Nevertheless, some scholars have written material supporting the practice of foreign intervention for a variety of reasons. One theory proposed by supporters suggests that foreign-imposed regime change increases the duration of postwar periods of peace, due to what the authors call the “pacifying effect.”\footnote{Nigel Lo, Barry Hashimoto, and Dan Reiter, “Ensuring Peace: Foreign-Imposed Regime Change and Postwar Peace Duration, 1914–2001,” \textit{International Organization} (2008), 62(4), 717-736.} The implementation of democracy by a strong foreign power therefore might be a risk one is willing to take given the findings that “FIRC is a brutally effective tool” at preventing the resurgence of conflict.\footnote{Lo et al., “Ensuring Peace,” 735.} Similarly, many scholars argue that war itself helps spread democracy when democratic states are the victors and shapers of international relations postwar. For example, political scientist Nancy Bermeo has focused much of her work on regime change and FIRC to argue that foreign intervention on the behalf of democracies is a
helpful and important tool for toppling abusive regimes committing human rights violations. It is clear then that some scholars do see the possibility of FIRC as a tool of positive democratization.

**Deniers of Foreign Intervention as a Method of Regime Change**

There is bountiful criticism of FIRC in the field of political science with many scholars arguing that foreign intervention has little to no benefit to democratization, and, at worst, exacerbates preexisting issues in the target state or can contribute to the return to authoritarian rule. Empirical evidence also exists arguing that democratic interveners seldom, if ever, succeed in promoting democracy. Despite the fact that there are several historical examples of successful democratization as a consequence of FIRC, the traditionally held viewpoint among political scientists has been that it is ineffective and/or harmful.

There are a variety of theories as to why FIRC seldom leads to successful democratization. One is focused on the position of leaders who come to power as a consequence of foreign intervention, arguing that foreign-imposed leaders face unique pressures from their “foreign patron” who helped secure their position, neighboring states in their region, and domestic elites who might oppose perceived foreign influences. Another theory seeking to explain why foreign-imposed regime change has not been historically successful argues that it “substantially increases the chance of civil war” in the target country. The democratization

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process therefore is greatly hindered according to this argument by the destruction of domestic infrastructure such as security forces and the removal of state officials both during the foreign invasion/occupation and the potential civil war afterwards. Foreign intervention in this mindset therefore is discouraged as any potential payoff is outweighed by the increased likelihood of instability regardless of resources invested in the target state’s democratization. A final criticism of much of the pro-FIRC literature is that many of the states defined as a case of successful democratization have not actually fully transitioned into “thorough or stable democracies,” a finding that calls into question the so-called “success stories” of FIRC. 19

Conditional View on Foreign Intervention as a Method of Regime Change

The final main school of thought on foreign intervention as a successful method of regime change are those that believe the success of the foreign intervention is contingent upon certain factors in either the target state, the intervening foreign state, or both. These “conditionalists” pinpoint different factors as being the most important, but their arguments are nonetheless linked by their proposition that various elements are the defining factor in whether successful democratization occurs. One such argument made in a variety of scholarly works argues that FIRC succeeds when the target state has high levels of economic development and social homogeneity 20. This argument has clear roots to modernization theory, which remains controversial given the real-world examples of successful democratization through foreign intervention. Others have argued, such as in the influential studies of James Meernik, that democratization depends on how much “blood and riches” the intervening state invests into the


20 Downes and Monten, “Forced to Be Free?”.
targeted one. In this view, foreign intervention does not lead to successful democratization most of the time, but the investment of resources like money, time, experts, etc. increases the odds of positive regime change occurring. Political scientist James Owen similarly has found that investments of “ideology and power” in a target state by powerful foreign actors traditionally have fared better in the international system.

A final argument often employed by conditionalists is that the length of the occupation has a large amount of influence on the final success of the democratic transition and the entrenchment of democratic principles and practices. For example, one proposed theory is that successful democratic transitions occur when the occupied population recognizes a need for foreign occupation, both the foreign power and the home state recognize a shared common threat, and the foreign power makes a credible promise that they will eventually return full power and sovereignty to the occupied state. This emphasizes the importance of lengthy military occupations as successful producers of democracy, whereas shorter military interventions in this viewpoint influence the traditional perception that FIRC does not work.

Evaluation: What about Panama?

Even though these three schools of thought exist, there is a lacuna in the application of any of them to the Panamanian case. This paper therefore seeks to fill that gap by pulling on the previously published research regarding FIRC to compile a more thorough understanding of Panama’s democratization. While the ethics and international legality of foreign intervention

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remains dubious, those who deny that foreign-imposed regime change can be successful in certain conditions have blinded themselves to the well-institutionalized democracy that Panama has become. Some researchers have also questioned the robustness of the empirical evidence proposed by FIRC deniers, highlighting the unsettled nature of foreign intervention as a successful tool.\(^{24}\) However, the historical track record of attempts at FIRC still is marred with many failures. Therefore, I find that the conditional view is the most realistic given the real-world examples and best helps to account for Panama’s successful democratization. More studies need to be done on a broader basis however to better understand when FIRC succeeds and when it fails in general.\(^{25}\) My proposed conditions of the Panamanian case therefore are not an attempt to definitively state when and why FIRC succeeds in all cases but are rather an attempt to highlight the elements that were imperative to Panama’s remarkable transition to democracy so that lessons of successful FIRC as a whole can be extrapolated from Panama’s story in future research.

**Background**

To understand the extent of Panama’s exceptional success after Operation Just Cause, some background into Panamanian politics and its democratic turmoil is needed. The United States’ relationship with Panama stretches back decades before the Noriega regime. The country’s geographic position linking the Atlantic and Pacific Oceans made it a lucrative opportunity both for military strategy and commercial gains, which led to the 1903-1914 construction of a U.S. controlled “Canal Zone.”\(^{26}\) In the context of the Cold War, the Panama Canal was also viewed with great strategic value as a way of keeping watch over Soviet Union

\(^{24}\) Downes and Monten, “Forced to Be Free?”, 101.

\(^{25}\) Downes and Monten, “Forced to Be Free?”, 103.

influence in Latin America. However, the relationship between Panama and the United States proved to be contentious in the years that followed, with many Panamanians frustrated with the encroachment on Panama’s sovereignty and discrimination against Panamanian locals.\textsuperscript{27} In an attempt to ease relations, a series of treaties in 1967 were drafted to make revenue from the Panama Canal more equitable between the two countries, and provisions were established for the handoff of control over the Canal back to Panama by December 30, 1999.\textsuperscript{28} What seemed to be a promising future economic boon for the country was quickly overshadowed by a military coup led by Colonel Omar Torrijos and several other high-ranking military officials in the fall of 1968. Torrijos ultimately pushed through a treaty like those drafted in 1967 so that Panama would legally assume control of the Canal at the end of 1999.\textsuperscript{29} However, Torrijos died in a mysterious plane crash in 1983 and could not guide these plans to fruition. Instead of the military coup ending, Colonel Manuel Noriega assumed control over a consolidated version of the Panama Defense Force (PDF) and declared himself the de facto leader of the country following Torrijos’ death.

Noriega quickly established what came to be famously described as a “narco-kleptocracy” by U.S Senator John Kerry, a state overrun by illegal drug trade and high-ranking members of organized crime.\textsuperscript{30} Assisted by an elite “narco-mafia,” Noriega wielded his power while still enjoying official support from the United States who had viewed him as a tool to extend their interests throughout Central and Latin America.\textsuperscript{31} However, increasing tensions did not bode well for Noriega and at least twelve credible efforts were made before Operation Just

\textsuperscript{27} Tucker, \textit{The Cold War}, 1255.
\textsuperscript{28} Conniff, \textit{Panama and the United States}, 90.
Cause by various domestic and international forces to convince him to step down.\textsuperscript{32} Tensions with the United States mounted as American politicians began to face consequences with their attempts to manipulate foreign politics backfiring due to Noriega’s defiant actions. However, as is with the “dictator’s dilemma,” Noriega was backed into a corner. Stepping down was not an option due to the likelihood of his own death given the lack of broad-scale domestic or international support for his regime. Some scholars have argued that Noriega’s ties to the drug trade also prevented him from ever choosing to step down due to potential consequences from the violent drug cartels he was connected to.\textsuperscript{33} Furthermore, the underground nature of Panama’s drug economy made it so that U.S. economic sanctions were not as effective as had been predicted. Economic sanctions and political opposition failed time and time again in removing Noriega, but nevertheless, like many authoritarian governments, his power existed within a small vacuum. Once the United States embarked on Operation Just Cause, Noriega’s regime toppled swiftly. The political and economic voids left behind in his absence established immense opportunities for the new Panamanian government led by duly elected president Guillermo Endara to capitalize on the pre-coup democratic structures that had already existed, shaping the country into the successful one that it is today. This was not the only reason why Panama succeeded to democratize, however. The rest of this paper seeks to explain five elements contributing to Panama’s successful transition.

\textsuperscript{32} Eisenmann, “The Struggle”.
\textsuperscript{33} Eisenmann, “The Struggle”.
Five Elements of Panama’s Success

Regional Context: The “Third Wave”

Political scientist Samuel P. Huntington coined the descriptor the “third wave of democracy” in his 1991 book *The Third Wave: Democratization in the Late Twentieth Century* to describe the democratic transitions happening in much of the developing world throughout the 1980’s and 1990’s. Two elements of his argument relate to the Panamanian case. He highlights the specific roles of the United States and the European Union in pushing for democratic reforms and international human rights standards. This relates to Panama because of the United States’ marked interest in the region during the “third wave” period and decades before both for geostrategic, political, and economic reasons. Furthermore, Huntington argued that democracy can “snowball” from country to country when one sees the other successfully democratize and flourish. Further work has been done on this diffusion effect following Huntington’s thesis and empirical evidence has shown that democratic diffusion on the global, regional, and neighbor-state levels does produce a democratic “domino effect” from one state to another.

Panama was at the crux of these two theories, concurrently experiencing high levels of support and influence from the United States as well transitioning during the same wave of democratization happening throughout many nearby countries in Latin America. Despite criticism questioning the actual success of the democratization efforts in the 80’s and 90’s, later analyses found that at least 85 authoritarian regimes ended during the period and 30 of those ultimately were successful in their transition to democracy. Researchers have also found that

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35 Huntington, *The Third Wave*.
countries during the third wave era particularly were more likely to “match the average degree of
democracy or nondemocracy found among their contiguous neighbors and that countries in the
U.S. sphere of influence tended to become more democratic.” Panama fulfills both of these
conditions, which is a part of the puzzle of its successful transition.

Based on these findings, it seems that Panama’s successful democratization could have been influenced by the presence of successful democracies near it. Costa Rica for example is one of Panama’s neighbors and has long been viewed as one of the most stable and prosperous democracies in Latin America, including during the 80’s and 90’s when Panama underwent its own transitions. Similarly, Argentina in 1989 held a presidential election for the first time in 61 years following the term of its elected president ending, which demonstrates the successful transitions of power within the nearby democracies of Panama’s region. Bolivia represents a very similar example, also in 1989 holding its presidential election for the first time in 25 years. Finally, Uruguay ousted the authoritarian Stroessner regime in 1989 and held a democratic election later in May of that year. Even if the democratic domino effect is a very modest one, with some scholars purporting that countries only receive about 11% of their neighbor’s democratic trends, Panama’s successful democratization very well may have been a case of existing in the right place at the right time. Noriega’s foreign allies in nearby authoritarian states like Cuba may have also been dissuaded from interfering in Operation Just Cause, seeing the trend of democratization occurring around them and fearing the ire of the United States’

government. Nevertheless, Panama’s success story might in part be owed to the historical context of its geographical position.

**International Influence: The United States**

The role of the United States in attempting to spread democracy around the globe has met much criticism due to its questionable track record of success. However, in the case of Panama, the United States’ intervention did prove to be ultimately successful. I posit that this is because the United States and Panama had a very long history of cooperation prior to the invasion, leading to U.S officials in some cases to already be entrenched in positive Panamanian relations prior to the Noriega regime. As noted earlier in this paper, U.S.-Panama relations stretch back to the early 20th century with the construction of the Panama Canal, leading to large levels of American influence and presence in the region throughout the rest of the 20th century. Additionally, some scholars have cited that the invasion into Panama was assisted by the presence of Spanish-speaking U.S. military personnel, who were therefore able to better communicate with local Panamanians and connect on a deeper level.42 This differs from later foreign invasions into countries like Bosnia and Somalia, which did not have the same presence of foreign language-speaking soldiers in the U.S military to help facilitate those operations.

As aforementioned, some political scientists have also cited a “domino effect” in international relations, increasing the spread of democracy from one state to another.43 Empirical studies have also demonstrated that the United States in some cases has a positive effect on

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43 Starr, “Democratic Dominoes.”
democratization. While there are also scholars who state that the United States does not spread democracy and does more harm than good, even marginal gains to the democratic processes of a country are a boon to their ultimate success. Especially given the literature suggesting that authoritarian regimes collapse when they have exhausted international support, as Noriega’s ultimately did, the opposite effect of pro-democratic forces strengthening democratic regime change might make the difference between success and failure in some cases.

**Democratic Restoration**

Another element that contributed to Panama’s successful democratization following the foreign invasion is the fact that it represented a returning to democracy, not an altogether transformative change. Some researchers have indicated that a state with a “deeply rooted democratic and law-abiding political culture” might have an easier time return to democracy after a period of authoritarianism. Panama did have a democratic structure prior to the 1968 Torrijos coup. Even though it still struggled with many flaws, such as the limited opportunities for democratic participation for the working-class and poor, it still experienced broader support than the later authoritarian regimes. Interestingly, the Torrijos regime did enjoy wide popular support despite being a repressive and authoritarian regime. Polling has shown that this was because Panamanian citizens felt that at least their basic needs were being met by their government. However, the citizenry began to chafe for freedom following Noriega’s rise to

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46 Andrew J. Nathan, “The Puzzle of Authoritarian Legitimacy,” *Journal of Democracy*, vol. 31, no. 1, 2020,
49 Furlong, “Panama: The Difficult Transition,” 32.
power due to his abuses of his position. This widespread opposition became particularly apparent when Noriega outright overturned the 1989 presidential election results and refused to leave office. This support for returning to democracy is exemplified by a poll conducted one month after the U.S. invasion to remove Noriega that found that “86% of Panamanians saw it as an act of ‘liberation’ while only 14% considered it an ‘invasion.’”\(^{50}\) Furthermore, the AmericasBarometer survey conducted in Panama five years after Operation Just Cause found that 77.7% of respondents supported their revamped democratic government and stated that democracy was preferable to any other form of government.\(^{51}\)

This wide level of popular support might have contributed to Panama’s success given what is known about democratic theory. Democracy is based upon the perceived social contract between the people and their government, in which the government has sworn to protect the population in various ways and the people in reciprocity believe that they have some level of input into their democracy.\(^{52}\) Political scientists Linz and Stepan additionally have argued that the consolidation of democratic “rules of the game” result in democracy becoming “…routinized and deeply internalized in social, institutional, and even psychological life, as well as in political calculations for achieving success.”\(^{53}\) Even though Panama’s transition was sparked by foreign intervention, the groundwork had already been laid for democratic governance and the norms that accompany it. Linz and Stepan’s argument therefore in the Panamanian case demonstrates how a return to democracy might be “easier” than the construction of a completely new one.

\(^{50}\) Furlong, “Panama: The Difficult Transition,” 32.
\(^{52}\) Furlong, “Panama: The Difficult Transition,” 23.
Given the statistics above, it is clear that the Panamanian transition benefited from the locals’ prior experiences with democracy and the preexisting support for it as a governmental structure. Indeed, surveys have continuously found that Panamanians’ satisfaction with democracy has continuously increased since 2004. Although cultural norms arguments can be very problematic in how they are applied to developing countries, in all likelihood Panama’s success was given a preexisting foundation to stand on in the form of its prior democratic legitimacy and widespread support.

Transitionary Stability

Although it might seem counter-intuitive, Panama’s successful democratization was also assisted by holdovers into the new government from its authoritarian legacy. Political scientist James Loxton has produced the flagship scholarship on what he terms “authoritarian successor parties.” These are parties with “deep roots” in the country’s prior dictatorship, often being the official party of the dictator themselves, who then are later democratically elected back into office once the country has undergone democratization. Loxton argues that these parties, while they can have negative effects, in some ways can help strengthen a democratic transition by deepening party cohesion and promoting “party-system institutionalization.” Authoritarian successor parties in this way serve as an anchor from one regime type to the next, offering a sense of stability and a foundation for the new government to work with.

54 Perez, Political Culture in Panama, 141.
57 Loxton, Authoritarian Successor Parties,” 166.
Panama is a strong example of the influence authoritarian successor parties can yield even in new regimes. The most successful party since the invasion has been Noriega’s own party, the Democratic Revolutionary Party (PRD). The PRD, which won the 1994, 2004, and 2019 presidential elections, has thrived in Panamanian politics despite its original connection to the military dictator General Manuel Noriega. In a strategy that Loxton has called “scapegoating to thrive,” the PRD has ironically realigned itself with Panama’s previous dictator Omar Torrijos (who began the PRD) to praise Torrijos’ role in negotiating the treaties for transfer of the Panama Canal, while calling Noriega “a traitor and a disgrace.” The PRD then was able to “offload its baggage” onto Noriega, while romanticizing the past under Torrijos to lend more legitimacy and historical longevity to the PRD itself. The PRD was able to use this to its advantage by also reconciling its past by formally cooperating with individuals who had been outspoken critiques of the PRD. For example, President Ernesto Balladares deliberately chose members of his cabinet to include rival political parties as well as PRD elites. This action further demonstrates the PRD’s attempts to break with the past, while still capitalizing on the remains of its power under the Torrijos and Noriega dictatorships.

This is not the only vestige of authoritarianism in modern Panamanian politics; the United States invaded and then left behind most of the structures that had already existed under the military dictatorships. For example, Panama continues to operate under its 1972 Constitution introduced by Torrijos himself. This is not for a lack of trying to change the constitution, however. Panama’s legislature held a referendum in 1992 to pass amendments to the document, but it was soundly defeated by Panamanian voters who were not interested in the complex

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58 Loxton, "The Puzzle of Panamanian Exceptionalism."
59 Perez, Political Culture in Panama, 119.
proposed amendments.\textsuperscript{61} Some have argued that the failure to draft a new Panamanian constitution has plagued the country after the 1989 invasion, stating that the 1972 Constitution is highly biased in favor of the executive and the executive’s powers. Despite the presence of this old constitution and authoritarian party, Panama has consistently scored as “free” according to Freedom House.\textsuperscript{62} Given the high levels of democracy and freedom in the country, the presence of this vestige from Panama’s past might be less of a hinderance than one would expect. There is reason to believe that these helped facilitate Panama’s transition and might account for why Panama has been such an exceptional case for political scientists.

\textbf{The Impending Transfer of the Panama Canal}

The final element that contributed to Panama’s success is very specific to it alone – the Panama Canal was set to be returned to the full control of the Panamanian government on December 31, 1999. This action had been negotiated between General Omar Torrijos and President Jimmy Carter during Torrijos’ reign and was part of why he was supported by the Panamanian people, despite the other failings of his regime. However, as the transfer deadline grew nearer, polls indicated that nearly 70\% of the Panamanian public “would favor the extended deployment of U.S forces” due to fears that the country was not ready to take on such a vital economic resource so soon after its return to democratic governance.\textsuperscript{63} These concerns were not unfounded. In the late 1990s, 4\% of all world trade and 14\% of all American trade passed through the Panama Canal, resulting in nearly $500 million in revenue each year.\textsuperscript{64} Additionally, 5\% of Panama’s GDP in the 1990’s stemmed from spending associated with

\textsuperscript{61} Furlong, “Panama: The Difficult Transition,” 25.
\textsuperscript{63} Thalia Chantziara, "Panama's Canal," \textit{Harvard International Review} 20, no. 3 (Summer, 1998): 14-16.
\textsuperscript{64} Chantziara, "Panama's Canal."
Americans in the Canal Zone, and the transfer would result in the loss of roughly 16,000 jobs for local persons. Nevertheless, the impending transfer represented a huge opportunity for Panama to experience immense economic gains and recover financially from the failings of its years under authoritarianism. I argue that the impending transfer of the Panama Canal represented a “make or break” moment for the reestablished government to either defy all expectations and smoothly handle the transfer or fall apart and devolve into another period of democratic backsliding.

Economic sanctions have long been an important foreign policy tool used to promote democratization by ousting an authoritarian regime. In some ways, the potential hardship of the Canal transfer represented a “self-sanction,” where if the Panamanian government did not pull together to successfully see the country through the process, there would be huge detrimental effects upon the economy. There was therefore a great deal of pressure upon the Panamanian officials to collaborate and cooperate early in the re-democratization process due to the deadline of the transfer looming over their heads. This pressure to succeed, and thereby make the new governmental structure succeed too, was articulated by many Panamanian officials during the period. For example, former Panamanian vice president Ricardo Arias Calderón noted that the “nation had been given too much too soon,” with huge projects like reconsolidating the government, converting Howard Air Force Base, and taking on the Canal all at once. United States Ambassador to Panama Simon Ferro also stated that “how they [Panama] manage the canal will in large measure dictate how they are viewed by the rest of the world.”

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65 Chantziara, “Panama's Canal.”
68 Gonzalez, “Mixed Feelings”.
clear link here between the international importance of the Panama Canal and the pressure upon the young Panamanian government to succeed. More scholarly work needs to be done however on the relationship between the transfer of the Panama Canal and Panama’s re-democratization, as the former has mostly been focused on by economic researchers and the latter is dominated by political scientists. For other cases of foreign-imposed regime change, the Panama Canal transfer might represent the power of a strong economic incentive to succeed in processes of democratization.

**Conclusion**

The literature on foreign-imposed regime change has long been divided on whether it is a positive source of democratization or not. Many have argued that it is detrimental to the success of regime changes around the world and find that the United States particularly has a questionable success rate in its interventions. Others believe FIRC has strong potential to effect positive change in the international sphere, and still others take a more hesitant approach and state that it only works some of the time under certain conditions. What many of these scholars usually fail to do however is to include Panama in their case studies. That observation is what sparked the original goal of this paper – to understand how Panama successfully transitioned when most of the scholarship on foreign-imposed regime change suggests it should have failed, and why so few political scientists have focused specifically on Panama’s democratic transition instead of the U.S. military intervention or the international economic importance of the Panama Canal. This paper attempts to analyze Panama’s history and politics to promote a better understanding of why Panama was able to successfully institutionalize democracy after the U.S. intervention. Building off the limited work already done on Panama, I propose that Panama was
able to democratize because of (1) its broader regional context, (2) its prior experience with democracy, (3) its long term relationship with the U.S., (4) its ultimate transitionary stability provided by regime-era holdovers, and (5) the impending transfer of the Panama Canal. More work needs to be done in the fields of comparative politics and international relations to better understand the successful phenomenon that was Panama’s post-invasion democratization, as this paper is only a cursory overview of a long-neglected case study. The Panamanian case might contain the missing key in the puzzle of why foreign-imposed regime change only works some of the time. Political scientists and foreign policy advisors alike should therefore reevaluate Panama’s success story and apply the lessons to be learned from it in future understandings of foreign intervention and global regime change.
Bibliography


