

Panama Report by Carlos Wesley

Kill the people, but pay the debt

A bishop condemns the decision as "immoral" and charges the government of "starving the people" to pay the debt.

Panama will pay its creditors more than \$1 billion this year on its total public debt, which exceeds \$6 billion. The payment plan was announced following a May visit to Washington by Second Vice President Guillermo "Billy" Ford, who is also Minister of Planning and Finance in the U.S.-installed government of Guillermo Endara. Ford promised that Panama will start by paying off \$540 million in arrears to international lending institutions within 45 days, said a Panamanian official in Washington on May 7.

The plan was immediately condemned as "immoral" by Bishop Carlos María Ariz of Colón, the country's second largest and most economically depressed city. In his statement, issued on May 10, the bishop cited the latest encyclical issued by Pope John Paul II, which says that it is not legitimate to pay the debt "if that leads to unbearable sacrifices."

"It is not legitimate to demand or ask for payment when that means the imposition of political options that would lead to hunger and desperation. It hurt us," he added, "that our government is so willing to submit to foreign financial institutions at the expense of the hunger of our people."

The plan, which calls for laying off 19,000 public workers, 15% of all government employees, was worked out just days after an earthquake devastated Bocas del Toro, the heart of Panama's banana region, which produces the country's major export. The economy is still reeling from the 1989 U.S. invasion and the preceding two

years of economic warfare waged by the Reagan-Bush administrations in their efforts to oust Gen. Manuel Noriega, which has left at least one third of the labor force unemployed.

Plans are proceeding to cut social security benefits and to raise the retirement age by 5 to 10 years, to comply with demands from international creditors. Panama's comptroller general, Rubén Darío Carles, who belongs to the political party headed by Ford, said that the so-called "13th month," an employee bonus established by law, will not be paid this year because the government has no money. The Christian Democratic Party, which Endara expelled from government on April 4, introduced a bill demanding that Endara, whom most Panamanians call "Sweetbread," comply with his obligations to Panama's workers.

The Christian Democrats, led by First Vice President Ricardo Arias Calderón, also known as the "Crazy Nun," are charging that Carles and Ford have become agents of the American government, and that Endara is a puppet of U.S. ambassador Deane Hinton, the Bush proconsul. The charge was made on May 10 by legislator Guillermo Cochez, a beneficiary of the largesse of the U.S. National Endowment for Democracy.

In Washington, Ford, a banker linked to drug-money laundering institutions, met with International Monetary Fund head Michel Camdessus, Enrique Iglesias of the Inter-American Development Bank (IADB), Barber Conable of the World Bank, and

Vice President Dan Quayle. On May 2, Ford met with his "close personal friend" Lawrence Eagleburger, the former president of Kissinger Associates, who is now George Bush's deputy secretary of State. Eagleburger, whose ties with money laundering banking also include his stint on the board of directors of the Yugoslav LBS bank, is the architect of the free trade economic plan Ford is applying in Panama.

In that plan, which Eagleburger co-authored with Treasury Undersecretary John Robson, it is stated that Panama's arrears with the IMF, the IADB, and the World Bank at the beginning of 1990 totaled \$540 million. Since Panama has paid \$300 million on its arrears since then, "and we have not received a penny in loans since," according to a Panamanian diplomat in Washington, how can Panama still be more than \$600 million in arrears?

"Interest accumulates," explained the diplomat.

A report issued by Ford's Planning Ministry said that the Endara government decided that "it is a matter of principle to comply with its debt obligations." The report, released on May 9, continued, it is "imperative for Panama to normalize relations with its creditors . . . to overcome its international isolation." That is, to get more loans.

Not much chance it will get more money this year than last year. Likely, it will be a replay of the "Abbot and Costello joke" that Sen. Patrick Leahy (D-Vt.) described during hearings last year. Referring to an administration proposal for Panama to pay \$805 million to its foreign creditors, for which "Panama will get less than \$400 million in loans, so that they would have paid out \$400 million more than they get back," Leahy asked, "My billion dollar question is this: Is this thing as cockeyed as it sounds?"