

Repackaging the U.S. war on Panama

by Gretchen Small

With Elliott Abrams's Panama strategy in shambles, U.S. State Department planners have initiated a new round of psychological warfare, in a desperate attempt to keep alive some prospects of achieving their obsessive goal, the removal from the Western Hemisphere of the nationalist Commander of Panama's Defense Forces, Gen. Manuel Noriega.

So, Washington has begun pumping out new reports that General Noriega has reached agreement on a package deal with the Reagan administration.

Each story varies on what the terms of the alleged deal are. A four-part deal is sewn up, the *Washington Times* asserted on May 12, involving a new date for Noriega's departure from Panama, the postponement of national elections from May 1989 to 1990, and new regulations to govern the Defense Forces—all in exchange for the Reagan administration ordering dismissal of the Florida indictments on drug-trafficking against Noriega.

"Noriega cuts secret deal, will step down," the *Times* headline boomed the next day. Only this time, they reported that a snag has developed over whether the United States' would "allow" Noriega to run for president of Panama in the next national elections.

Similar speculation followed the April 25-26 talks between State Department envoy Michael Kozak and General Noriega. Then, as now, Panamanian government spokesmen answered that while they in no way wish to cut off channels to the United States—even though the Reagan administration maintains its wartime measures against Panama—agreeing to talk does not mean Panama's sovereignty is up for negotiation.

Panama's civilian and military leadership firmly withstood the initial attack of threatened invasion and drastic economic sanctions, while the "democratic opposition movement" Washington had created, collapsed in tandem with Panama's economy.

The question now, however, has become one of time, and Ibero-American aid. Can Panama maintain its resistance to foreign efforts to determine its system of government and military long enough, that new trade relations can be developed with Ibero-America which can begin to reconstruct Panama's economy, shattered by U.S. sanctions?

Washington is banking on the answer being "no," that the *prospect* of continuing war itself will crack the current unity of the Defense Forces, and break civilian support for

General Noriega. U.S. sources are pumping out the message to Panama's leaders that the United States wishes to call off its war, and needs to "save face" to do so. If only Noriega will agree to leave the country for some time, then the economic sanctions will be lifted, they say.

If Panama's Defense Forces were to hand over Noriega, the dismantling of the civil-military alliance in Panama then becomes only a matter of time. Without General Noriega, the leader around whom national unity has been achieved, the country's political forces will quickly break down into confrontation between the radical left and the oligarchy, a battle which, sooner or later, will spill over into the Defense Forces, splitting their ranks.

Under those conditions, the kind of civil war which has embroiled other Central American nations becomes a possibility for Panama.

Watch the economic front

The Reagan administration's economic sanctions have already assured one thing, however; the old Panama as it has existed since 1903 is finished. Until February 1988, the service and financial sector made up 80% of Panama's economy, with industry and agriculture making up only 10% each. The United States cutoff of all dollar flows into the country for the past two months, has probably crushed major portions of that service economy for good. Panama's nationalists have seized upon this crisis as an opportunity.

"Our present situation forces us . . . to change the direction of our national economy," President Manuel Solís Palma has been repeating in speeches around the country. As he explained in an April 30 address in Coclé province, "Our economy must be primarily based on Panamanian agriculture, on the man of the countryside . . . because that is where the very roots of our autonomous and independent development are, without depending on the wretched dollars that have been given to us on many occasions to subdue us and put an end to our status as a free, sovereign, and independent country."

"The Panama of skyscrapers reminiscent of Wall Street has died. Over these ruins . . . we will produce a more Panamanian, nationalistic, and Latin American Panama," Aníbal Culiolis García of Fenasep, Panama's national federation of public employees, told Mexican reporters in an April 27 press conference, given jointly with *EIR* correspondent Carlos Wesley.

With the aid thus far provided by Ibero-American countries, Panama has been able to keep parts of its economy alive, and begin to roll back the crisis. The reopening of Panama's banks on May 9 for several kinds of transactions, without suffering a panicked run on deposits, demonstrated the degree of confidence which Solís Palma has already built in the country. Schools week of June, and the first emergency credits are being extended to allow agricultural producers to meet the deadline of the end of the planting season on June 30.