

Panama battles for economic future

General Noriega has declared an end to more than a score of years of economic dependency on drug-banking. Carlos Wesley reports.

The head of the Panamanian Defense Forces (PDF), Gen. Manuel Antonio Noriega, declared an end to more than a score of years of Panama's economic dependency on drug-banking. "We think that Panama is now dead as a financial center," Noriega told British parliamentarian, Brian Wilson, in a conversation reported by London's *Guardian*, Sept. 13. Instead, Noriega said that Panama should adopt a development strategy based on agricultural and industrial production, resuming the project launched by his predecessor as commander of the PDF, Gen. Omar Torrijos, leader of the nationalist "Torrijista" revolution.

Noriega's polemic against the banking center brought to center stage the crucial issue confronting Panama's very survival as a nation, at a moment when the country is on the verge of economic collapse due to U.S. sanctions: the fight between those who want to shift to a productive national economy, and those who want to use the crisis for completing the all-out transformation of Panama into a drug-based free trade emporium modeled on the British colony of Hong Kong.

Roberto "Bobby" Eisenmann, a leader of the U.S. State Department-created Panamanian opposition, reacted with alarm to Noriega's economic proposals. Noriega is proposing "a return to the past," said Eisenmann, whose Dadeland National Bank in Florida has been caught laundering drug money. Eisenmann said that Noriega was not showing "respect" for the 8,500 Panamanians who are employed in the financial center.

Eisenmann blasted the United States for its no-win policy of supporting ousted President Eric Delvalle against Noriega and President Manuel Solís Palma. The U.S. policy against Panama, is "a total fantasy, akin to Snow White and Mickey Mouse," wrote Eisenmann in the Spanish edition of the *Miami Herald* Sept. 9. Washington's policy of supporting the "government" of the hidden President Delvalle," Eisenmann added, is "a Disney World fiction." What is needed, Eisenmann suggested, is a U.S. military intervention against Panama.

What Eisenmann did not say, is that the only reason that Assistant Secretary of State Elliott Abrams and the rest of the Project Democracy gang in Washington are maintaining the fiction that Delvalle is the "legitimate" President is to provide a cover to fund "contra"-type operations against Panama, such as the mercenary force headed by ousted Col. Eduardo Herrera Hassan.

Panama at a crossroads

It is not only Eisenmann and others in the opposition that are against the shift from a financial center services economy, but also members of the government's own economic team. A proposal from the labor unions for Panama to launch its own currency to replace the U.S. dollar (the U.S. greenback is the only paper currency that circulates in Panama) was rejected by Commerce Minister Mario Rognoni—on the basis that it would endanger the banking center. "The existence of the center, above all, depends on the trust of foreigners," said Rognoni, who is close to the U.S. State Department. "That is why it would be absurd for us to issue a paper currency different than dollar," he said.

According to a Panamanian labor leader, Rognoni and others in the government's economic team are dragging their feet in facing up to the disastrous effects of the Reagan administration's economic warfare against Panama, because they want to force a total changeover to an all-out free trade economy.

Even the *Wall Street Journal* observed Sept. 7 that, "A remarkably nonchalant Mr. Rognoni sees the crisis as an opportunity to build a services-oriented economy on the ashes of Panama's overprotected industries. Panama, he says, could be one huge free-trade zone."

The same day, Noriega said on television that a "banking center of the type that exists here benefits no one." In an interview with Univision, the U.S. Spanish-language television network that was broadcast in Panama Sept. 7, Noriega said that both he and Torrijos had opposed the banking center from its inception. "Torrijos," he said, "did not believe in that banking center. He used to ask: How much are those banks going to lend to the farmer? Nothing. Those banks are only for the transfer of money from one place to another. How much is the banking center going to lend for local construction? Nothing, because that money is captive and is in multinational corporations. In other words, that dollar is just coming to rest in Panama. If a dollar is not loaned to the farmers, if it is not loaned to the workers, if it is not invested in construction, that dollar does not belong to the Panamanian people."

Economic warfare

The economic sanctions adopted by Reagan against Panama, using the War Powers Act, are "threatening the very

survival of the Panamanian nation,” said President Solís Palma earlier this month. Panama’s already meager industrial output has dropped to 50% of capacity; 50,000-75,000 workers have lost their jobs this year; government revenue is about half of projections, forcing a 15-30% pay cut for higher-paid functionaries at the beginning of September.

The government was unable to pay on time the second installment of the public employees’ annual bonus, thus making them easy prey for a provocation by its enemies: on Sept. 13-21 state workers staged a series of job actions, partial strikes, and demonstrations, culminating in a 48 hour total work stoppage. Sources in the labor movement say that the work stoppage was not really because of the delay in meeting the bonus pay—which they realize is difficult for the government because of the lack of resources—but to prod the government’s economic team to adopt a nationalist program, including the creation of even a temporary currency that would allow the issuance of credit for productive investments. Otherwise, they say, the economic team should quit.

Noriega and the PDF are aware that the continued deterioration of the economy threatens the security of Panama. “In the war declared by the U.S. against Panama,” commented Luis Restrepo in the daily *La República* Sept. 19, “the most violent aspect has been the economic terrorism, because the aggressor knows we are a country with a weak economy and they trust that at some point the government will not have the resources to meet its basic obligations, such as the public employees’ payroll.” At that point, he adds, agent provocateurs will sow panic, which “will be taken advantage of to launch a wave of violence on a large scale that will be used to justify a military intervention by the U.S. in Panama.”

On Sept. 6, CNN reported that ousted PDF Lt. Col. Eduardo Herrera Hassan is recruiting mercenaries to stage an invasion of Panama. Funds for Herrera’s army are being provided by the Reagan administration, through the fictitious Delvalle government, from money that belongs to Panama that was frozen in the United States when the War Powers Act was invoked. Herrera, who is believed to have moved his hired troops to Costa Rica on the border with Panama, has the limited mission of taking a small portion of Panamanian territory as a base from which Delvalle would proclaim that he is again governing Panama and call for a U.S. intervention.

According to CNN, one of Herrera’s principal boosters in the United States is Sally Shelton Colby, vice chairman of the board of directors of the National Endowment for Democracy (NED). The NED is Project Democracy, the supra-governmental body responsible for the Iran-Contra operation and other foreign policy follies, including the current destabilization campaign against Panama. On the same board with Shelton Colby are such luminaries as Henry Kissinger and Lane Kirkland.

Sally Shelton is also the wife of Vietnam era CIA chief

William Colby, until recently a partner of former National Security aide Norman Bailey’s consulting firm. Bailey was contracted by Delvalle’s predecessor, Nicolás Ardito Barletta—who created Panama’s offshore, money-laundering banking center—to assist in transforming all of Panama into a free trade zone. When Barletta was ousted in 1985 because of widespread opposition to his plans, Bailey became the principal architect of the operations to destroy the PDF and to force Noriega out. Ironically, at that time Bailey, Colby and Shelton Colby were calling for the overthrow of then-President Delvalle.

Military force against Panama could come as early as October, notes columnist Baltazar Renan Aizpurua in the daily *Crítica* Sept. 8. “President Reagan should not be taken as a joke. We have said that the months remaining before the U.S. elections are critical for his administration, because a direct, armed intervention—in this case with armed Panamanian groups, who would find a place to set up a government—to create a new Grenada would be a propaganda resource for George Bush’s campaign.”

Aizpurua, who is close to the PDF, added Sept. 15 that, “The most dangerous period will be during the recess the U.S. Congress will take in October for the presidential elections.”

History rewritten

To prepare for the October surprise, a new spate of psychological warfare operations has been launched, since the charge that “Noriega is a drug trafficker” is less and less credible in the face of the U.S. Drug Enforcement Administration’s continued collaboration with Noriega in the war on drugs. DEA head John Lawn defended Panama’s role in a continent-wide coordinated sweep against the drug traffickers carried out in August, under the aegis of the International Drug Enforcement Conference (IDEC). The IDEC operation was, said Lawn at a press conference in Bogota, an “unqualified success.” A DEA official said that the whole concept of IDEC was Noriega’s.

London *Financial Times* correspondent Tim Coone laid out what could be the new justification for military action against Panama in an article Sept. 21. Coone, who has recently penned several articles in favor of the Panamanian free trade zone idea, claims that “General Noriega may now prove to be more radical than General Torrijos by sheer force of circumstances. Junior officers in the armed forces now receive political education from Marxist teachers. U.S. automatic rifles have been replaced by the Soviet AK-47 as the standard infantry weapon,” he claims. Coone adds: “Some Western diplomats believe these may simply be warning signals from General Noriega to the United States not to push him too far. But it may also be that the enigmatic General Noriega has already decided to raise his own flag alongside that of Torrijos and not wait for the rest of Central America to lead the way.”