

Labor protest forces repeal of IMF's plan for Panama

by Don Baier

Panamanian President Nicolas Ardito Barletta went on nationwide radio on Dec. 9 to announce that he had asked Congress to rescind Law 46, which mandated austerity policies dictated by the International Monetary Fund (IMF). Barletta was forced into a major retreat by the threat of the 200,000-person protest demonstration led by the labor movement scheduled for Dec. 12, combined with behind-the-scenes action by nationalist military officers opposed to the IMF program.

On Dec. 7, only two days before Barletta backed down on Law 46, Barletta's labor minister Luis Anderson had exuded confidence that "in the next couple of weeks, he will have the modifications approved, and that will create conditions for an agreement with the IMF." The supranational financial agency is demanding that wages be frozen, state enterprises be turned over to foreign investment, and the military be dismantled, all in order to pay interest at usurious rates on Panama's foreign debt.

But a broad spectrum of social and political forces united in an emergency mobilization for national survival: labor, business, teachers, doctors and state employees. The projected Dec. 12 demonstration promised to be even more impressive than the march by 150,000 workers that had nearly shut down the country on Nov. 27, in protest over an earlier version of the Barletta austerity program. In a country of 2 million people, a demonstration of 200,000 shows overwhelming popular backing.

While the demonstration was still being built, on Dec. 9, Panamanians woke up to find "IMF Wants to Cut Military Budget" in banner headlines across the front page of the national newspaper *La Prensa*. The article underneath described the interview given by labor minister Anderson and circulated internationally by this news service. In his discussion of how the budget can be cut to IMF specifications, Anderson had asked, "Have they been spending too much on defense, when there's no need for it?"

Panama's Defense Forces, the real power in Panama for the past 17 years, objected to that line of thought. The IMF wants to wipe out the Panamanian military as a potentially nationalist force, and officers reported that the Anderson interview confirmed their suspicions that Barletta had double-crossed them after he had gained the presidency last summer with the assistance of a deal between the Defense Forces and financial and political circles represented by the corrupt Henry Kissinger. (Like a mafia legbreaker, Kissinger has been trading on his connections to the Reagan administration by selling Ibero-American nations "protection" from destabilization through his private consulting firm, Kissinger Associates.)

But now with Panama's officer corps reading in the newspapers how Barletta planned to render their service superfluous, the President could no longer count on them to repress labor opposition to the ripping up of already contracted wage increases and the dismantling of state-run industries. The speech Barletta was to give at noon against the scheduled Dec. 12 demonstrations was postponed and postponed until the evening, when he bitterly announced his retreat.

"We ask the international banks to wait a while," the President pleaded, shocking Panama's creditor banks and the IMF. They had put former World Bank vice-president Barletta at the helm earlier this year, believing him to be "the inside man for the job" of breaking Panama. As Panama's finance minister a decade ago, Barletta had brought about the "banking liberalization" which has made Panama into an "offshore" banking haven which shamelessly launders over \$1 billion per year in cocaine and marijuana money and whose rigid banking secrecy laws protect tens of billions of dollars of illegal flight capital sucked out of Ibero-American republics.

But now Barletta is in such political trouble that the prospect of a nationalist coup cannot be completely discounted.

It was the second time in his two-month presidency that



The World Bank's Barletta—he backed down.

Barletta had been sent reeling by Panamanian citizens' repudiation of the IMF policies ruining their Ibero-American neighbors. He had first agreed to modify his austerity program after 150,000 Panamanian try and took to the streets on Nov. 27 in disciplined demonstrations against the first draft of the austerity program.

His "new version," his labor minister Luís Anderson told a reporter on Dec. 7, "does, in the final analysis, exactly the same as the original law did."

Barletta explained to his radio audience on Dec. 9, "It is clear that the point of conflict is Law 46 [implementing the IMF policy] In the beginning, when we first introduced it, we did not consult sufficiently with all sectors. That created problems. Later, we did consult with all the sectors and changed it accordingly. But, by then there had been enough confusion and tension to create an atmosphere of mistrust. . . . Therefore, due to the importance of peacefully solving the problem, I am now asking Congress to rescind Law 46 as a first step and that we immediately procede to find a harmonious solution."

But Barletta has not given up his divide and conquer strategy. The victory against Law 46 caused the National Conferation of Organized Workers (Conato), the responsible mass base of the labor movement, to cancel the Dec. 12 demonstrations against the IMF. But provocateurs of the left and right decided to plunge ahead with the Dec. 12 protests on the theme of "Stop 17 years of military thievery," which is precisely Dr. Barletta's IMF prescription for cutting the military budget and for setting workers and military at each others throats.

Operation Juárez

Those who oppose Ardito Barletta and the IMF see themselves as patriots defending, not only their own nation, but all of Ibero-America. Eduardo Ríos Molinar, a labor organizer in the powerful Conato, told NSIPS in early December, "At the level of government structure, what we've seen in our countries is total capitulation to the dictates of the International Monetary Fund . . . which has submerged them in a social, political, and economic crisis which threatens to lead our countries to violence." Ríos Molinar, who is also a member of the Labor Commission of the Schiller Institute, proposes to fight these encroachments of national sovereignty by uniting similar forces on a continent-wide scale to fight for Operation Juárez, Lyndon LaRouche's proposal for joint renegotiation of Ibero-America's foreign debt.

"One of the theses the labor here in Panama," said Ríos Molinar, "is the collective negotiation of all Latin American countries. . . . In the trade unions, we don't negotiate worker by worker, but rather all workers are represented before the company by the trade union. In this case, we think we could have a great trade union of Latin American countries, in order to face that great financial monster which is the IMF."

Repression and lies

The IMF crew in the Panamanian government is completely terrified that such thinking is becoming hegemonic in Panama. When Ríos Molinar returned to Panama from the Schiller Institute conference in Washington, D. C., he found that his weekly radio program on labor issues had been canceled.

Neither is labor minister Anderson sparing any effort to discredit Lyndon LaRouche and his economic proposals. In his interview, Anderson spouted the wild invention that LaRouche was a personal opponent of Panama's ident Omar Torrijos, the head of the National Guard who successfully negotiated the return of the Panama Canal to Panamanian sovereignty during the U.S. Carter administration.

Anderson claimed that LaRouche "says that both Carter and Torrijos were agents of the KGB," and that after the canal treaty they would "turn the canal over to the Soviets in the year 2000. . . . And that would not go over very nicely. . . . About 90% of organized labor in Panama is Torrijista."

When asked where that information son replied, "I don't know what the hell I did with it. . . . The State Department should have it."

In the same interview, Anderson appointed himself defense attorney for Henry Kissinger: "The first thing that comes out of their mouth is that Kissinger is responsible for everything that is going on in Latin America, and that he is a fag, he's a queer. That's the kind of people that we're talking about," he complained.

IMF wants to cut the military budget

This report from New Solidarity International Press Service was issued on Dec. 8 in Spanish in the Panamanian newspaper La Prensa, under the headline "IMF Wants to Cut Military Budget."

Luís Anderson, labor minister of Panama and outgoing secretary general of the Regional Interamerican Work Organization (ORIT), told an independent journalist last week that Panama "should have negotiations finished, terminated, by the end

have to be met in order to reach an agreement with the IMF, according to Anderson, are the dismantling of the public sector, wage-freezes for workers in that area, and defense budget cuts. Anderson expressed agreement with all these measures. He said the collective renegotiation of Ibero-America's foreign debt is "an impossibility," and attacked the leading advocate of such an alternative, U.S. economist and former presidential candidate Lyndon H. LaRouche. Anderson also scorned accusations that Mr. LaRouche has made against Henry A. Kissinger.

In his interview, made available to *Executive Intelligence Review* in New York, Anderson said that despite mass resistance to President Nicolas Ardito Barletta's austerity measures, the latter "has not backed down," and that the new program proposed by Ardito Barletta after the mammoth demonstrations held on Nov. 27 against his first draft "is a reformulation of the austerity measures which . . . will even increase the amount of money that the government will be collecting through an increase in certain taxes. . . . I think, technically it's a matter of strategy that he [Ardito Barletta] is using. He has not backed down. There is now in the National Assembly a proposal that does not do away with the old law, but just reformulates or modifies it. But in the final analysis, it does exactly the same thing as the initial law did. . . . I believe that in the end, or in the next couple of weeks, he will have that modification approved. And that will create the conditions for an agreement with the IMF. . . . I think Panama should have negotiations finished, terminated, by the end of this year."

As far as the consequences of these measures for the living standards of Panamanians, Anderson said that "[among] certain sectors of labor, especially those of the public sector, there is no doubt some very strong resistance to the measures, because they are affected . . . what he [Ardito Barletta] has done is say, OK, we will not effect any decrease or any lowering of the wages, but we will curtail and suspend for two years certain increases that they had bargained for in the past year. . . . Panama is a country with a very low increase in the cost of living. Inflation has been around 7-8% for the last four years, but wages in those particular sectors, the public sectors which I have mentioned [ports, telephones, electrical], have increased by something like 75% in the last three or four years. . . . The country cannot live with that."

Anderson objected to proposals made by various labor organizations to collectively renegotiate the continent's foreign debt: "The labor movement as a whole has been saying that there should be some type of unified action or at least a unified position in order to be able to negotiate successfully with the IMF. But I believe that died down about 2-3 months ago. . . . That's not a possibility at this point." Instead, he said the continent would have to undergo severe adjustments: "We have quite a few years of austerity and recession in Latin America. . . ." He said the continent must recognize "the need to effect some basic changes . . . they're going to have to launch a crisis." In the case of Panama, he specified that this would mean giving foreign investment complete or partial control of state agricultural and tourism enterprises, as well as Panama's national airline. He added that the countries of Ibero-America "are going to have to look at the policies of development, the social and economic policies. What have they been doing? Have they been spending too much money on defense, for example, when there's no real need for it?"

The labor minister took the occasion to attempt to discredit Lyndon H. LaRouche, whose economic study *Operation Juárez* proves the need and viability of both collective debt renegotiation and an Ibero-American common market. According to Anderson, LaRouche "says that both Carter and Torrijos were agents of the KGB" who would "turn over the canal in the year 2000 to the Soviets. And that would not go over very nicely. . . . About 90% of organized labor in Panama is Torrijista." When he was asked for documentation of those charges, he said: "I'll have to look it up. I have something here, somewhere in my office. . . . The State Department should have it."

The facts prove otherwise, however. On Oct. 12, 1977, LaRouche representatives testified before the U.S. Congress in favor of the Carter-Torrijos treaty, as can be verified in the Congressional Record. What Anderson really resents about LaRouche and his associates is their opposition to Henry Kissinger: "The first thing that comes out of their mouth is that Kissinger is responsible for everything that is going on in Latin America, and that he's a fag, he's a queer. That's the kind of people that we're talking about."