
Panama

Opposition fronts for free-zone scheme

by Gretchen Small

Panama's self-proclaimed democratic opposition movement plans to declare the entirety of Panama a deregulated free zone, the Hong Kong of the Caribbean, the opposition daily *La Prensa* revealed on Feb. 23. The British Crown Colony of Hong Kong has long served as the central depot for the immense dope-trafficking from Southeast Asia's Golden Triangle.

La Prensa reported that business circles in Panama are debating a proposal to declare the city of Colon (already the site of the second-largest free zone in the world) a free port. *La Prensa* went one step further, and suggested that "possibly all of Panama should be turned into a free zone."

This is by no means a novel suggestion. Robert Vesco, the Medellín cocaine cartel's top financier, has repeatedly attempted to set up an international free zone from which to base his operations. In 1972, Vesco worked with the Azores Liberation Front on just such a scheme. When that failed, Vesco's business partner, Costa Rican President José Figueres, offered part of Costa Rica's territory to Vesco, but Costa Rican nationalists foiled their plot. Today, Vesco directs the cartel's finances from the protection of Fidel Castro's Cuba. He seeks, however, to return to the legitimacy of the West.

If the U.S. Eastern Establishment succeeds in installing the opposition in power in Panama, Vesco's scheme to grab a country may succeed. That is where Norman Bailey comes in, the top U.S. adviser to Panama's opposition movement today, and one of the designers of the proposed Azores free enterprise zone.

Norman Bailey has bragged that he took charge of the opposition's efforts to overthrow the government and military of Panama, in order to reinstall as President his close friend Nicolás Ardito Barletta. Barletta is a member of Sol Linowitz's Inter-American Dialogue, and an enthusiastic supporter of the Dialogue's call for drug legalization to be considered. He is also a free enterprise expert, directing the revamping of Panama's offshore banking center in 1970 to be, in his words, "more secret than Switzerland."

For more than two decades, Norman Bailey has promoted the cause of "neo-liberalism," the doctrine championed by the Mont Pelerin Society that nation-states must be replaced

by "free market economies." In the 1960s, Bailey organized neo-liberal resistance in Ibero-America to the influence of mercantilism and "neo-peronism," which permit a government role in regulating the economy.

The following statement, written by him in a 1965 *Review of Politics* article entitled, "The Colombian 'Black Hand': A Case Study of Neo-liberalism in Latin America," could be read as a recipe for the current destabilization of Panama: "The activities of the Neo-liberals range from those intended to have a long-range effect on the entire direction of social and economic development in Latin America, to *aggressive attack policies* designed to provide sufficient time for the long-range policies and the process of economic development to have their effect [emphasis added]."

Bailey specified that neo-liberal "aggressive attack policies" include "blacklisting" opponents in the business community, organizing demonstrations, infiltration of "left-Jacobin organizations," and "the formation of anti-guerrilla militias."

His specialty, however, is the creation of international enterprise zones. Among Bailey's most prominent attempts were his 1972-73 negotiations with the communist regime in Romania for the establishment of an "international business center" in that country, an effort coordinated with Richard Allen. It was Allen, as National Security Adviser, who brought Bailey into the National Security Council in the first Reagan term.

Both were also involved in the fight to set up an offshore banking and business center in the Azores in the 1970s, in coordination with the Azores Liberation Front, a separatist organization of "right-wing" image formed by businessmen in the Azores. Bailey drew up a plan to turn the Azores into a "main center in the middle of the Atlantic" for trade and financial transfers. His 1975 "Project for the Economic Development of the Azores" spelled out the details: The economy of an "independent" Azores must be based on agriculture, tourism, and an International Enterprise Center, Bailey wrote. Industry must be avoided, because its pollution will harm tourism.

"Words and acts should never insinuate that industrial employment is superior or even 'preferable' than agriculture. . . ." he wrote. "There is no reason to justify an industrial development susceptible to harming the environment or the atmosphere." Above all, the "apparatus of a Central Bank must be totally avoided."

But Allen had another partner in the scheme: none other than fugitive financier Robert Vesco. For six months in 1972, Allen took a \$10,000-a-month consulting job for Vesco's International Overseas Services, just before Vesco fled the United States to avoid prosecution. "Allen said that his work for Mr. Vesco involved an unsuccessful effort to set up a financial center in the Azores," an Oct. 25, 1980 *Wall Street Journal* article reported. Vesco was already under government investigation, but Allen claimed he knew nothing about that.