

Panama Report by Carlos Wesley

The truth about Manuel Noriega

George Shultz's campaign for drug legalization proves again that Noriega's opponents are the real drug pushers.

For several years, starting with Ronald Reagan's administration, the United States has been trying to force out the commander of Panama's Defense Forces (PDF), Gen. Manuel Antonio Noriega, claiming that he is

"a corrupt, drug-running dictator." But as *EIR* reported in its "White Paper on the Panama Crisis," a Special Report prepared by a team of investigators, the campaign against Noriega, if successful, "will hand the Panama Canal over to Soviet-directed narco-terrorists." We also noted in that report that the opposition to Noriega promoted by the U.S. State Department is largely composed "of frontmen working for the drug mafia: drug-money launderers, lawyers for cocaine and marijuana traffickers, terrorists, and drug runners."

Once again *EIR* has been proven right. George Shultz, during whose tenure as secretary of state the campaign against Noriega was launched, has now revealed himself as a drug partisan (see article, p. 75).

Shultz's activism in favor of drugs is not due to a recent conversion. Throughout his tenure at the State Department, Drug Enforcement Administration (DEA) officials bitterly complain, Shultz only gave one speech against drugs, even though drug eradication was supposedly the number-one foreign policy concern of the Reagan administration.

Shultz's pro-drug policy also buries all illusions that the United States has ever conducted a serious war on drugs. How could the Reagan administration ever fight such a war, if two of the top "generals," namely, Shultz

and Treasury Secretary Donald Regan (who covered up drug-money laundering at his former place of work, Merrill Lynch), were so much against fighting that war?

The push to oust Noriega was launched by Shultz's State Department when the commander of Panama's Defense Forces began to dismantle the drug apparatus, which had been installed there largely by Shultz's friends. Chief among those friends is a former student of Shultz at the University of Chicago, Nicolás Ardito Barletta.

As documented in *EIR*'s "White Paper," it was Barletta's resignation from the presidency of Panama on Sept. 28, 1985—after Noriega refused to use the PDF to crush the growing unrest from both labor and business sectors upset by Barletta's austerity economic policies—which drew the wrath of Shultz and the U.S. Eastern Establishment against the Panamanian general.

Barletta, the creator of Panama's offshore banking center, bragged that he had designed a banking code which allowed for transactions in Panama to be not only tax-free, but "more secret than Switzerland," according to a 1982 *Wall Street Journal* article. That secrecy attracted to Panama most of the top banks in the U.S. and the world, including Chase Manhattan, Marine Midland, Citibank, Banque Nationale de Paris, Bank of America, and Crédit Suisse.

It also turned the country into a haven for the drug mafias, as everyone knew at the time. "A lot of Panama's deposits are the proceeds of neighbor-

ing Colombia's burgeoning illicit trade—tainted money that the banks wouldn't be able to touch if they were properly regulated," said the *Wall Street Journal*.

After much lobbying, General Noriega got Panama's Congress to modify Barletta's secrecy regulations, and on May 6, 1987, he moved against the drug-money laundering banks in a joint operation with the DEA, "Operation Pisces," which led to the seizure of 139 drug money accounts in a score of banks of various nationalities. One month later, Shultz's State Department escalated its "get Noriega" drive.

Barletta saw his role in Panama as "a little like that of a Kissinger," and, as *EIR*'s "White Paper" documented, was installed into Panama's presidency through the manipulations of Henry Kissinger. Barletta is regarded as a "brilliant economist" by his American banker friends, says Sol Linowitz, whose Marine Midland Bank benefited from Barletta's offshore banking center. In his autobiography, Linowitz talks about Shultz's feelings for his protégé Barletta: He "remembers him well and affectionately."

In 1986, Barletta signed a report put out by Linowitz's Inter-American Dialogue, calling for drug legalization with the same arguments now propounded by Shultz. Besides Barletta, the document, called "Rebuilding Cooperation in the Americas," was signed by the cream of America's Liberal Establishment, including McGeorge Bundy, Robert McNamara (Barletta's former boss at the World Bank), Cyrus Vance, and Elliott Richardson. Claiming that "Waging war on drugs cost money . . . and will inevitably result in the loss of jobs, income, and foreign exchange that the drug trade provides," the Inter-American Dialogue demanded "selective drug legalization."