

Panama Report by Carlos Wesley

Despite promises, Panama gets no funds

Bush aid package is full of smoke and mirrors, and he still hasn't returned money stolen from Panama.

President George Bush announced on Jan. 25 an aid package for Panama "valued at about \$1 billion." But it is unlikely that Panama will ever get more than 5% of that money. Administration officials said that the package would only provide \$40-\$50 million in actual cash to rebuild housing and other infrastructure destroyed by Bush's invasion of Dec. 20. According to the officials, the package is not likely to compensate Panamanian businesses for the estimated \$1 billion in losses they suffered from looting in the wake of the invasion, nor will there be any reparations paid to the families of the estimated 4,000-7,000 Panamanian civilians killed.

A substantial chunk of the aid will go to the banks, to help pay off some of Panama's estimated \$730 million in arrears to foreign creditors. The rest of the package is made up of such items as import credits, trade credits, and giving preferential treatment to Panamanian exports to the United States. Chances of Panama getting money anytime soon are slim. Not only does the package require congressional approval—in an election year no less—but much of the funding is supposed to come from cuts in other federal programs.

More than one month after the invasion, the U.S. has yet to return all the money stolen from Panama under the two-year economic war waged by the Reagan and Bush administrations against that country, supposedly to oust Panamanian Defense Forces commander Gen. Manuel Noriega. Of the \$400 million the U.S. admits it owes Panama (Panamanian sources

say the amount is closer to \$700 million), only half, an estimated \$200 million, will be returned, according to the *Los Angeles Times* of Jan. 22. The rest will be used by the U.S. to help pay off Panama's foreign creditors.

Rubén Darío Carles, Comptroller-General of the U.S.-run Panamanian government, hinted "that the government might use some financial sleight of hand to avoid the political humiliation of accepting less than the full \$400 million," the *Times* reported. "How could we justify to the Panamanian people that their money was going to pay some international banker," Carles told the *Times*.

Bush's proposed aid package is a public relations gimmick, to calm down Ibero-America's anger with the U.S. invasion of Panama. The plan was announced on the eve of a tour by Vice President Dan Quayle to Honduras, Jamaica, and Panama. Quayle's trip had to be restricted to those three countries after several key nations said he was not welcome.

By announcing the plan now, Bush hopes to buy some time for the tottering U.S.-installed government of Guillermo Endara. Panama's economic situation is "chaotic," said José Galán, deputy Minister of Planning Jan. 24. Comptroller Carles has even invoked the emergency decrees adopted by the much-maligned Noriega government to deal with the crisis. First Vice President Ricardo Arias Calderón warned on Jan. 24 that Panama needed help urgently, "before there is a social explosion."

But on U.S. orders, the government's priority is to resume payment

on Panama's \$5 billion foreign debt, said Deputy Minister Galán on Jan. 24, after a meeting with officials of the International Monetary Fund, the World Bank, and the Inter-American Development Bank. State-owned enterprises, including the nation's ports and the trans-isthmian Panama railroad, will be sold off, Galán said. Government salaries will also "be adjusted," he said.

As part of a "reconstruction plan" designed by Galán and monetarist economists Guillermo Chapman and Marcos Fernández, the government has proposed an "emergency employment program" to deal with the one-third of the labor force that is unemployed. It demands suspension of minimum wage laws, cuts in social security and other benefits, and abolishing laws that protect employees from arbitrary layoffs.

The plan rejects any "massive investment program" for the next two years, and it specifically calls on the government to abstain from investing in housing "because there are [private] units that have to be sold first." None of those units will be affordable to the estimated 30,000 left homeless by the U.S. bombings of poor neighborhoods such as Chorrillo, because rent control laws have been abolished to "stimulate private enterprise."

One growth area that has been stimulated is crime. Armed robberies of banks and other businesses in broad daylight now take place daily in Panama's financial district. An American citizen, William Joyce, chief financial officer of the Panama Canal Commission, was murdered during a robbery at his home. Two days earlier, on Jan. 22, the canal's chief environmental officer, also an American, was robbed at gunpoint and left tied up by his assailants. Prior to the invasion, it was unheard of for Americans to be victims of such crimes in Panama.