

By David R. Dye

PANAMA CITY, PANAMA

JANUARY 20 WAS A DATE FOR REJOICING IN most of Latin America. In Panama City's May 5th Plaza, pro-government demonstrators burned you-know-who in effigy, complete with burial coffin, to celebrate the end of the "genocidist" Ronald Reagan's sojourn through the U.S. presidency. His successor in Washington may not have been pondering his Central America policy that day, but he will eventually have to deal with the shambles Reagan has left behind in his attempts to unseat Panama's wayward strongman, Gen. Manuel Antonio Noriega.

Panamanians are not sanguine about immediate relief from the U.S. attempt to wreck their economy to get at Noriega, and beyond him, at the Panamanian Defense Forces. On the contrary, many indications point to a ratcheting up of the conflict, which began in 1986 with charges that the general was heavily into drug and arms dealing. Things got nasty in March 1988, when the Reagan administration slapped economic sanctions on Panama and insisted on recognizing a government headed by Eric Arturo Delvalle, which Noriega had deposed for its complicity in U.S. efforts to oust him.

The next stage of the anti-Noriega campaign, observers say, will revolve around elections scheduled for May 7, for which Panamanian political parties are busily gearing up. Though most Panamanians feel the elections are unlikely to decide who actually holds power, they may well serve as a convenient pretext for the U.S. to tighten the screws against Panama's government.

Last August, aging right-wing populist Arnulfo Arias, four times elected president but always prevented from serving, died, depriving the opposition of its drawing card. Brilliant minds then hoped to coax Arias' widow Mireya Moscoso, into the role of a Panamanian Corazon Aquino. When Doña Mireya turned out to be a simple housewife without political ambition, they had to settle for lawyer-businessman Guillermo Enarda, a colorless stalwart of Arias' *Partido Panamenista*.

Joining the ticket as a vice presidential candidate is philosophy professor Ricardo Arias Calderón, whose Christian Democratic Party is seen in Washington as the most potable of Panama's political forces. Two smaller groups round out the Opposition Democratic Organization (ADO).

Heartened solons: The opposition was jubilant over its unity ticket, announced January 20. Not, explained Christian Democratic vice presidential candidate Carlos Arellano, because of any real prospects of victory: "If we win," asserted Arellano, "Noriega will not hand over power, because he knows we will have to hand *him* over to the U.S." (Noriega is under indictment in Florida on drug charges.) The opposition has decided to run anyway to make the election into a plebiscite against Noriega. Most important, says Arellano, "The elections don't end on voting day.... We are organizing in defense of the vote," and to denounce the fraud they are convinced the government is preparing.

Assuming the elections are held, a seven-party, pro-government phalanx called COLINA, the Coalition for National Liberation, will be arrayed against ADO. The grouping has not changed much since the fraud-filled

The good news is that Reagan's gone, the bad news is that Noriega remains

election in 1984, but its label is new and hypernationalist; the government's current slogan, "COLINA vs. the Colony," indicts all those "unpatriotic" Panamanians who march to the Americans' tune. COLINA's presidential candidate, Carlos Duque of the Revolutionary Democratic Party (PRD), is a Noriega crony and business associate of the military.

Panamanian politics is a trap for the unwary. The government-controlled media is

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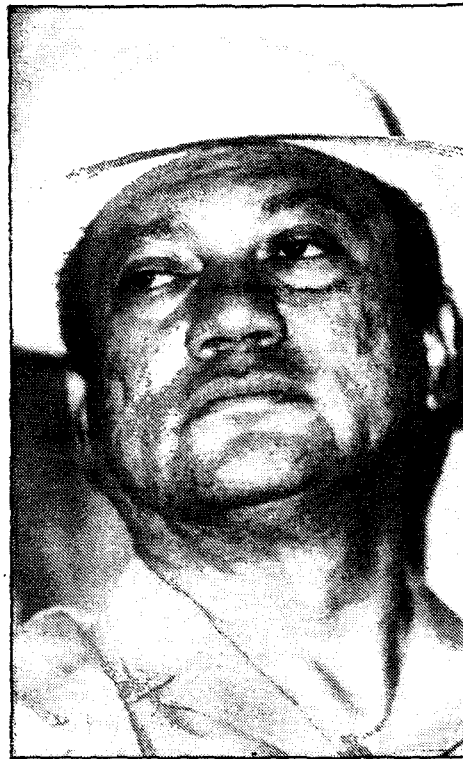
redolent with references to the alliance between the defense forces and the popular sectors to protect the national sovereignty against U.S. imperialism. It can make you think you're in Nicaragua. Addressing a seminar for junior officers January 14, Noriega remarked that the new generation of Panamanian military men had superseded their traditional fear of Marxism, or, as the general colorfully put it, "surnames that suggest a leftist line." To prove he wasn't kidding, Noriega invited high-ranking members of the Sandinista Popular Army to lecture Panama's captains on low-intensity conflict.

Despite his anti-imperialist speeches and support from Nicaragua, the general is anything but a revolutionary. Instead, Noriega is the bastard offspring of Omar Torrijos' 12-year reign of military-populist reform (1969-81). While Torrijos organized a popular coalition to demand return of the canal to Panama, Noriega served as the *caudillo's* intelligence chief, getting the figurative goods on people while amassing goods of a more tangible kind for himself.

The result is something akin to a Panamanian Somoza. U.S. auditing firms in Panama estimate Noriega's personal fortune to be above \$700 million. "Nothing moves in Panama without Noriega taking a cut," remarked one observer who preferred not to be named. As was the case with Somoza, the general's penchant for muscling in on lucrative investment opportunities has created enmity in much of the Panamanian bourgeoisie and has provided the U.S. with allies to manipulate.

Military swag: The largesse, however, is widely shared among Noriega's fellow officers, who from the rank of major upward enjoy ample access to illicit wealth. Noriega holds on, in fact, by convincing the colonels and majors that the gringos are out not just to liquidate Noriega but to end the graft for everyone. Says William Hughes, dean of economics at the University of Panama, "The military institution is defending its space. They will never accept having their privileges taken away. Anyone who replaces Noriega will have to defend what he has built."

Why, exactly, does the U.S. want Noriega out? The Panamanian nationalist argument—that Ronald ("We built it, we paid for it, we own it") Reagan wanted to revamp the 1977 canal treaties, at least far enough to get base rights in the Canal Zone after the year 2000—is undoubtedly part of the answer. But the



Gen. Manuel Antonio Noriega

initial floating of drug charges against Noriega also stemmed from resentment over Panama's unwillingness to collaborate with the U.S. over the Sandinistas. (The 1988 sanctions, similarly, may well have been an attempt to compensate for the administration's defeat on contra aid.)

Once public, moreover, the drug charges took on a life of their own, with Congress taking up the cudgel against Noriega. Given the salience of the drug issue in U.S. politics, many now argue that Bush is boxed in and cannot make peace with Noriega even if he wants to. With Congress, the president and the Pentagon all having a say, Panama policy at present looks much like a driverless

Bush may not be in a position to make peace with Noriega even if he wants to. U.S. policy toward Panama looks much like a driverless car careening downhill.

car careening down a slope with no visible bottom.

If policy aims are unclear, the means are straightforward. In 1988 the U.S. froze Panamanian government assets in U.S. banks, causing a liquidity crisis in the economy, whose currency is the U.S. dollar. It also ordered U.S. firms not to pay Panama taxes, contributing to a 44 percent drop in government revenue through the first nine months of the year. By the end of 1988, Panama's GNP had slipped 20 percent, unemployment was rising and billions of dollars had drained out of Panama's once-thriving offshore branches of foreign banks.

All for one and one for nil: In fact, the main target of the sanctions are the Panamanian government's own employees,

whose union, the 100,000-strong National Federation of Public Servants (FENASEP), is a bulwark of the governing coalition's popular base. Despite its evident financial crunch, the government has gone to great lengths to avoid firing its public servants, fearing a devastating political backlash if it does.

FENASEP President Héctor Alemán defends his group's alliance with the government and the defense forces against criticism from other parts of the Panamanian left. Reaffirming his faith in the strategic legacy of Torrijos, Alemán argues stiffly that "we must unite with all those who agree on the objective of completing the formation of an independent national state in Panama." There's good reason for his stance—Alemán knows that without a civil service law his followers will all be cashiered if the opposition takes power. He insists that "the people, despite their unhappiness over the sanctions, will vote for national liberation."

That is doubtful. Nationalism may be a powerful latent force in Panama, but by fostering intense corruption and imposing governments that sooner or later follow unpopular International Monetary Fund-style economic policies, Noriega has devalued it as a political currency. On January 9, his government tried to muster its forces to celebrate the 25th anniversary of the 1964 canal riots in which 27 Panamanian students died at the hands of the U.S. military, but was unable to bring out more than a few thousand people.

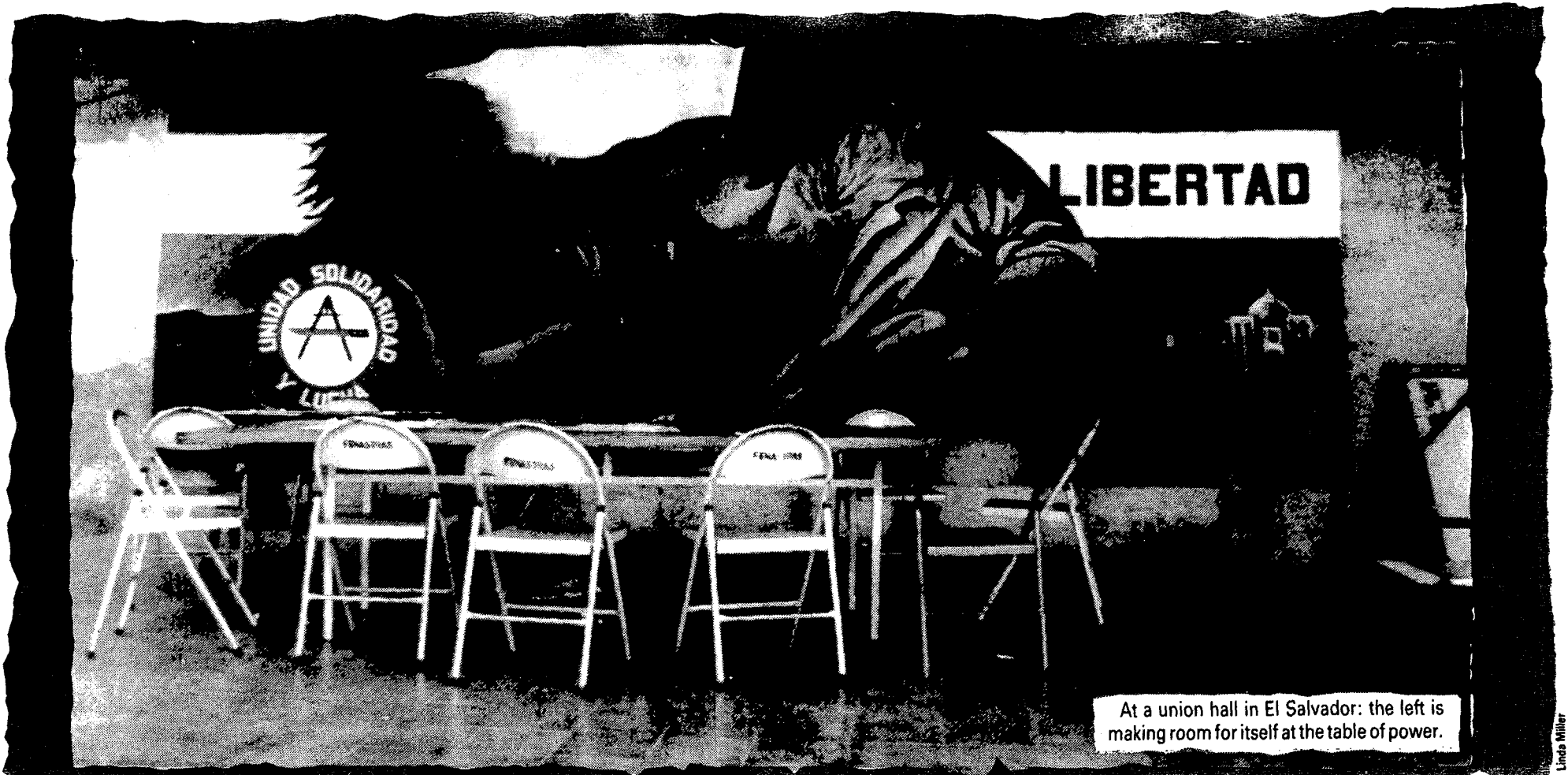
Nationalist appeals, then, will not carry COLINA through a fairly contested election. There is always fraud, of course, traditional in Panamanian politics. But the opposition, along with the U.S. Embassy, is poised to condemn any deviation from political fair play, making sure that Panama is denied desperately needed financial support abroad.

So what comes next? Speculation about possible U.S.-Noriega deals is rife but appears to lack solid foundation (the U.S. Embassy denies that secret contacts with the general are being held). Some, like economics professor Hughes, think that U.S. sanctions may eventually succeed; he notes that the Panamanian government is likely to come to the end of its fiscal year March 31 with an empty treasury.

At base, what the Bush administration must decide is whether it will settle for just getting rid of Noriega. In Panama, serious voices argue that were Noriega out of the way, the Pentagon and the Panamanian Defense Forces could easily reach an agreement on a Spanish-style base accord, the minimum U.S. objective. Attempts to force the military as a whole out of power, however, are fraught with dangers. One of these, the hope of some Panamanian nationalists, is that, as the conflict goes on and on, Panama's young officers may start to take their anti-imperialist seminars seriously, take over the reins of power and make the alliance between the military and the people something more than rhetoric. □

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At a union hall in El Salvador: the left is making room for itself at the table of power.

By Chris Norton

SAN SALVADOR

FOR CONGRESS EL SALVADOR WAS A NON-issue during the Reagan administration. But Vice President Dan Quayle's strong human rights warnings on his recent stop here seem prompted by concerns that Congress will be paying increasing attention to the deteriorating situation in El Salvador as Nicaragua recedes as an issue.

The leftist guerrillas are increasing their attacks, and political killings are on the upswing. Meanwhile, the man Washington had hoped could build a center, President Jose Napoleon Duarte, is dying of cancer. His fractured Christian Democratic Party is likely to lose the upcoming presidential elections to the ultraright Republican Nationalist Alliance, the Arena Party, founded by death squad-linked Roberto D'Aubuisson. Add to this the absence of a new Assistant Secretary of State for Inter-American Affairs to replace Elliott Abrams, caused by the efforts of powerful archconservative Sen. Jesse Helms (R-NC) to block the appointment, and what you get is U.S. policy toward Central America in limbo.

Washington policy-makers are worried that the bipartisan consensus on aid to El Salvador, achieved after the 1984 election of Duarte, might begin to come apart. The Reagan administration billed Duarte's El Salvador as a "success story," a model of how the U.S. presence could help build democracy as an alternative to Sandinista-style popular revolution.

But eight years and \$3.2 billion later, the situation is looking grimmer. A recent State Department report leaked to the *New York Times* shows that U.S. policy-makers are starting to take a more pessimistic view. It warns that economic conditions have "deteriorated drastically" and that respect for human rights is "uneven."

"The present situation remains too imperfect to qualify El Salvador as an institutionalized democracy capable of ensuring respect for the human and civil rights of its citizens," says the report.

The massive influx of U.S. aid, which made tiny El Salvador one of the top five worldwide recipients of Washington's largesse, did accomplish one of its goals—it kept the Marxist-oriented Salvadoran rebels from winning

U.S. Salvador policy:

Spelling out the wageable

power, something they doubtless would have done without massive U.S. intervention.

American aid equipped the Salvadoran air force, which, armed with intelligence from secret U.S. reconnaissance flights out of Honduras, forced larger rebel formations to disperse. The air force bought time for the army, which was in the process of expanding fivefold. Rapid Vietnam-style air mobile operations using the expanding fleet of Huey helicopters so destabilized guerrilla rear guard areas in Chalatenango and Morazan that they could no longer be considered secure strongholds.

Pickup power: The guerrillas had to revert to classic guerrilla tactics and gradually build new leadership and communications to coordinate their smaller units. The guerrillas also developed new tactics, such as the use of homemade land mines that continue to take a heavy toll on government troops.

In September the guerrillas began their strongest offensive since 1983, combining regional attacks in the countryside with, for the first time, attacks on army bases in the capital. Urban commandos of the Farabundo Marti Front for National Liberation (FMLN) attacked four major military bases in the capital with explosives launched by homemade catapults mounted in the beds of stolen pickup trucks.

Worried by the urban attacks, the Salvadoran military has canceled all leaves until the elections and has increased the number of checkpoints in the capital.

The military is also suspected of using covert special operations units to bomb institutions considered to be allied with the rebels. The National University was bombed December 22. In January the university's eastern cam-

pus in San Miguel was also bombed, and the dean of the law school at the western Santa Ana campus, Imelda Medrano, was assassinated on December 16. The Lutheran Church, distrusted because of its work with pro-rebel refugees, was also struck.

The new U.S. ambassador, William Walker (an unfortunate namesake but no relation to the American filibuster who declared himself emperor of Central America back in the 1850s), seems to be paying more attention to the increasing human rights violations. His predecessor seemed content to compile statistics from the local newspapers, which are loaded with army disinformation blaming guerrillas for non-existent atrocities and army killings. An internal State Department audit criticized embassy reporting under Ambassador Edwin Corr as inaccurate and overly optimistic.

Walker has let it be known that he is concerned about the increasing army abuses, particularly the September 22 army massacre of ten peasants at San Sebastian in the province of San Vicente and the crude army attempts at a coverup.

But there appear to be different messages coming out of the embassy. While Ambassador Walker expresses concern, U.S. personnel who interact daily with the Salvadoran military may be playing a different tune—do what you need to do to stop the commies, just don't get caught.

Some State Department types in Washington appear to believe that human rights under Duarte have been basically respected. They worry about a rapid deterioration with a presidential victory by the rightist Arena Party.

But killings are already on the upswing under the Christian Democrats, with many

cases showing clear military involvement rather than that by unofficial right-wing death squads.

If the military has major responsibility, the change of government won't necessarily make a big difference. Civilian control of the military is a dubious concept in El Salvador. Increased killings seem more a function of the war—the guerrillas' greater strength and the army's increased frustration—than of which party controls the *Casa Presidencial*.

"I expect the human rights situation to deteriorate regardless of who wins the elections," says a European diplomat. "We are facing a bloodbath here. If Arena wins it will be very bad. If the Christian Democrats win it will still be bad. The FMLN is getting stronger, and the army will react. For all the democratic veneer they have, it's still just a veneer."

The best paid plans: While the State Department senses problems on the horizon, it doesn't seem to understand the depth of the deterioration. The U.S.-designed counterinsurgency strategy is failing. The National Plan, unveiled in San Vicente province in June 1983, never got off the ground, because it could neither keep the guerrillas out of the province nor convince villagers to side with the government by joining pro-army civil defense paramilitary units.

A new, fine-tuned version of the plan, called United to Reconstruct (UPR), has also had little success in convincing villagers to join civil defense groups. The guerrillas have made clear they will attack such units, and most Salvadorans don't feel enough loyalty to the regime to invite that risk.

U.S. planners had hoped to build support for Duarte with a Vietnam-style strategy in which Agency for International Development (AID) projects would encourage villagers to align with the government. But massive corruption prevented the aid from filtering down to the grass roots.

AID then designed a more decentralized program called Municipalities in Action, which was an auditor's delight. The AID money would go directly to the local mayor, who would be accountable for its use. A classified September 22, 1988 study for the U.S. government by the Research Triangle Institute held high hopes for the program, which it called "the most effective counterin-