

## Panama: the keystone of the hemisphere

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*The following is the foreword, written on April 15, 1988, for the Schiller Institute pamphlet, "How to Stop the Financial Malvinas Against Panama." The pamphlet was produced by the same task force that prepared the book Integración Iberoamericana, the Schiller Institute's 1986 book on continental economic integration, and released on the occasion of the Unified Front of Panama's trade union conference in Panama on April 28-29, 1988.*

*Following Mr. LaRouche's foreword, EIR is pleased to print the emergency measures recommended for Panama by the Schiller Institute Trade Union Commission.*

In the sane world which does not yet exist, the future economic prospects of Panama were defined by its geography and history. The nation's future importance is centered around the fact, that it is the logistical keystone of Ibero-America's participation in world trade.

It may seem ironical to some, but in the coming age of space-travel powered by terawatt thermonuclear-fusion power plants, the role of transoceanic and sea-coast water-borne transport of freight will increase to levels several times the total tonnage of the 1970s. With large vessels, built of new materials replacing today's steel, operating at higher speeds with greatly improved power plants, it will be cheaper—in the general case—to transport goods between the Pacific and Atlantic coasts of the Americas by ship, than any other mode of transport.

In that circumstance, the existence of a sea-level canal through the proper isthmus route will be essential to the prosperity of Ibero-America as a whole. To the degree we are able to integrate the cooperation among the economies of the Americas, the rate of development of each nation of the hemisphere will benefit greatly. Without adequate water-borne freight transport between the Pacific and Atlantic coasts, economic development within the hemisphere, and with the world outside the hemisphere, will be constrained. Without such a canal, the average cost of transport of imports and exports of every nation will be increased, an increase which must come directly out of the pockets of the populations of those nations.



Carlos Wesley

*The Hong-Kong style "informal economy" in this scene reflects Panama's skewed employment patterns. The Banco Nacional de Panamá, under the Schiller Institute's proposed plan, would be rechartered as a state-owned "Banco de la Nación" to issue a new currency, and credit for productive investment.*

For Panama, the new sea-level canal will be much more than a source of toll-revenues. For all nations within the hemisphere, and other nations trading with our hemisphere, it is simply good economic sense to perform some processing of a significant fraction of the freight throughput in the vicinity of the new canal. The cost of transporting ocean freight is approximately a constant price-range per ton carried; thus, the greater the value of each ton of freight carried, the smaller the percentage of freight-costs of tonnage carried. Hence, the world's major ocean-vessel canals, which bring together the greatest variety of materials and semifinished products at one point, are naturally regions of important industrial economic development.

Immediately, although the addition of the projected new Culebra cut in the present lock-canal will not solve the problem of putting 200,000-ton ships through the isthmus, it will increase the capacity for flow of freight of a coastal trading class, and help the progressive economic integration of the region. Were I U.S. President, at the choice of the government of Panama, we could complete a sea-level canal within 10 years, or perhaps less. In the meantime, the completion of the Culebra cut could be accelerated, requiring less than the presently projected five years.

This illustrates the way in which the fate of Panama is a matter of vital economic interest to every nation of this hemisphere, especially the Ibero-American economies. Economically, and also politically, tiny Panama is the keystone of the Americas: To a large degree, as Panama goes, so go the Americas as a whole.

The immediate question is: How shall Panama survive to

reach the point at which its bright future emerges? In my view of the matter, there are two Panamas. The one is the geographic Panama with the population inhabiting that region. The other is the human Panama, the patriotic movement committed to the security and development of the nation. No mere collection of people can develop a nation; there must be an organized movement, committed to that development, otherwise the will to develop will not be mustered, and either no development will occur, or a very poor, chaotic sort of development. It is both Panamas, the geographic and the human, which must survive.

The essence of development is capital improvements in infrastructure: national systems of fresh-water management, the production and distribution of electrical energy, national transportation systems, urban industrial infrastructure, schools, and hospitals. All of these works are the function of either governmental agencies or regulated, privately-owned public utilities. Other private investments, such as industry, agriculture, and so forth, will not succeed without the required level of supporting, basic economic infrastructure.

Essentially, the possible level of development of agriculture, industry, and average productive powers of labor, is a function of levels of technology. The possible level of technology reached is delimited by the quantity of energy consumed per capita and per hectare; most of this energy-requirement is expressed in the form of required levels of capital improvements in land and infrastructure.

Hence, since infrastructure, the precondition of development, is a function of government, it is the quality of political movements which shape and direct government

which determines the ability of nations to realize their potential for development in every way.

The political issue in Panama is not the personalities of the late Omar Torrijos or Manuel Noriega, but rather the patriotic movement which they serve. Without that movement, which is the creation of the majority of the people of Panama, the likelihood of national economic development would be very poor.

So, in that respect, the geographic and human potentials of Panama are one and the same thing. So, this vision of our common interest in the successful future development of Panama must guide us today. All true statesmen base their

decisions on the future, and treat the present as the indispensable pathway by which the happier choice of future is to be reached. At stake is not only the future of Panama, but, to a very significant degree, the future of the Americas and every nation within our hemisphere.

The pathway to the future, for Ibero-America immediately, but also the entire hemisphere, is progress along the pathway of economic integration of Ibero-America. More trade among those nations, more emphasis upon common interests of the states, and so forth, is the road upward. So, in the case of the Panama crisis, let clear view of the future guide our actions in the present.

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## The emergency measures to save Panama

When the United States government launched its assault on Panama, its Defense Forces, and Gen. Manuel Antonio Noriega in early 1988, they apparently believed their own propaganda: They were sure that the nation would quickly capitulate and that General Noriega would accept a deal and flee. Neither has occurred. Enraged that a tiny nation of 2 million would dare to assert its sovereignty in the face of the insane demands of the United States, the State Department moved to isolate Panama from the rest of Ibero-America. Despite the disgraceful behavior of the Ibero-American nations at the Group of 8 meeting in Cartagena, where they voted to exclude Panama from participating, and which almost led to an immediate U.S. invasion of Panama, subsequently Ibero-America has begun to awaken to what is at stake, and through the Latin American Economic System (SELA), has agreed to support Panama.

But the "Gods of Olympus" that rule in Washington and on Wall Street will not be defied. They are trying to annihilate Panama and teach it—and all of Ibero-America—a bloody lesson, unless Panama agrees to their demands: to be transformed into a new Hong Kong, a territory of limited sovereignty, where the banking emporia have free rein to launder their billions of dollars from the drug trade, and where the entire nation is transformed into one, gigantic free trade zone and financial center. In short, they are trying to forcefully implement a modern version of Teddy Roosevelt's neo-colonialist policies, which is the policy of the International Monetary Fund (IMF) and the World Bank today. They are

deployed to impose this policy militarily, including the seizure of the Panama Canal by force. And they are attempting to destroy the Panamanian Defense Forces as an institution, in order to achieve these objectives.

Just as in the case of the Malvinas War of 1982, the imperial powers have launched an all-out war to crush an Ibero-American nation—only this time, it is a "Financial Malvinas," to economically dismember Panama. The only way to stop this is through the economic and political support of the rest of Ibero-America. Unity is the key to victory—if Panama is allowed to fall, every nation of the continent will soon suffer the same fate. Therefore, Ibero-America cannot afford to lose this battle. Ibero-America must do what it failed to achieve in 1982—integration.

Panama is doing its part. It has refused to surrender. It has survived. And it has issued a call, through SELA, to the nations of Ibero-America to come to its help, to provide the financial, trade, and economic support it needs to survive. Those sister republics now have the ball in their court.

It is the purpose of this report to identify how an emergency economic program can save Panama, and what concrete steps the nations of Ibero-America must immediately take to achieve this. We present this not as the final blueprint, but in the way of general guidelines to urgent action, which require further elaboration. We will also identify the longer-term measures that will allow for the full industrial development of Panama and of an integrated Ibero-America. The emergency measures can be summarized as follows: