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PANAMA

Future of Social Security System Uncertain

As Panama prepared to celebrate its annual carnival, tensions simmered over the future of the country's Social Security System (CSS). President Martin Torrijos invited the nation to "enjoy the carnival" for the time being, hoping that the festivities would allow a brief reprieve before CSS negotiations resume. The CSS is currently running an actuarial deficit of \$10 billion.

Panamanians from various sectors have demonstrated their readiness to defend the CSS. Since Sep, they have taken to the streets in large numbers to protest against proposals to privatize or alter the CSS. A recent survey indicated that 37% of the population is "prepared to defend their rights in the streets." While 58% see violent forms of protest as "abominable," certain groups consider barricading streets and throwing stones to be the only way to get the government's attention.

The current conflict began in early Sep '03 when the administration of Mireya Moscoso removed CSS director Juan Jovane, accusing him of corruption and failure to adhere to government budget cuts (Vol. 22, No. 9). Jovane's proposed budget ignored the fund's growing deficit, however, it met agreements conceded to CSS workers after a strike earlier in the year. Jovane was also an opponent of the government's privatization plans.

The day of Jovane's dismissal in '03 CSS workers, among others, went on strike. Workers, teachers, students and others assembled for massive demonstrations of up to 50,000 people on several occasions. The government eventually abandoned its privatization plans.

With privatization at least temporarily ruled out, Torrijos still needs to make some tough decisions in order to save the CSS. A commission was created, composed of representatives from the government and the CSS, to negotiate a solution to the present impasse. The commission, which excludes any representation from either the labor or private sectors, has refused to comment on the initiatives currently being discussed.

In light of the recently passed fiscal reforms that reduced public spending by \$350 million, analysts expect social security taxes to increase sharply. Though it is impossible to guess what negotiators will agree on, some claim that social security taxes will double. Some economists predict that, if such a tax

increase were to be imposed, the pressure on the average Panamanian's wallet would cause a slow down in the national economy. This would be compounded by a likely increase in late payments. According to this view, these tax hikes, and the resulting economic contraction, could dilute or eliminate economic gains made by cutting back on funding to the CSS.

Other possible proposals are a fusion between the CSS health services with those offered by the Ministry of Health to eliminate redundancy, and an extension of the retirement age. It is expected that any reforms finally made to the CSS will mean harder times for the Panamanian people.

Terror in Panama and the US

Some members of Al Qaeda are believed to be traveling on Panamanian passports. A leaked US Department of Homeland Security document, which has been published on various web sites, mentions suspected Al Qaeda terrorists passing through Panama. If that information is correct, Panamanians living on US soil may expect extra attention from the FBI acting under the sweeping authority of the Patriot Act and other such anti-terrorist legislation.

In early Jan, a team of FBI agents arrested Panamanian citizen Luis Antonio Jimenez Clement at his home in Los Angeles. Jimenez is currently being held under suspicion of "terrorism" after a woman allegedly informed police that he was planning a kidnapping. Jimenez edits the online journal *Quiubo.com* and has reportedly published editorials critical of the Bush administration in the *New York Times* and the *Washington Post*. His journal was shut down immediately after he was arrested.

Shortly after Jimenez' arrest, police arrested his brother Aurelio at the Mojave Airport in California, also under suspicion of terrorism. According to the FBI, Aurelio, who was training to be a pilot, planned to fly an airplane into the Golden Gate Bridge as President Bush crossed. Aurelio was released a short time after his arrest.

According to the Panamanian consulate in Los Angeles, the FBI will hold Luis Antonio until it completes its investigation. Though it is not likely that the allegations will ever be heard in court, he will certainly be deported to Panama due to the fact that this is his second arrest.

Terrorists in Miami? The city of Miami gave former Panamanian president Mireya Moscoso a symbolic "key to the city" for pardoning four anti-Castro terrorists at the end of her presidency. The group of known terrorists was caught attempting to assassinate Cuban dictator Fidel Castro by planting a bomb in the University of Panama auditorium during a 2000 Ibero-American Summit at which the Cuban leader was speaking (Vol. 19, No. 12).

New Attorney General Appointed

Panama's new Attorney General, Ana Matilde Gómez, is the first woman to hold such a high post in the judicial system, as well as one of the youngest. She has ambitious plans to change the image of the attorney general's office and intends to eliminate many of the problems that seriously affect the section of the judicial system now under her administration. She is particularly concerned that 60% of those in detention have not been tried because of the inefficient judicial process.

Gómez recognizes that Panamanian justice has been selective for a long time, and it is important to her that this practice be discontinued and that there be zero impunity. She has discovered that some attorneys determine how each case will be treated, depending on the prominence of the crime, or if there is any relationship between the accused and any member of the political hierarchy. She insists that criminal cases involving important people in the previous government will be treated as would any other case.

New Environmental Law Passed

The Law for Crimes Against the Environment was passed by President Martín Torrijos on 28 Jan, after four years of discussion. The bill was first presented by the Public Ministry to the National Assembly on 4 Sep '99 and was finally approved on 28 Jan '05 and published in the Congressional Record on 4 Feb.

This law institutes penalties of two to four years in prison for the irreversible destruction, extraction, contamination or degradation of natural resources. In addition, if the crime committed results in the damage or total destruction of an environmental area deemed to be historically, biologically or scientifically valuable, the penalties may be substantially increased.

The law also addresses a number of other issues, including damage produced by construction projects throughout the country, the illegal construction of dikes, the intentional divergence of rivers and the burning of vegetation that results in soil erosion. Not only do flora and fauna benefit from the Law for Crimes Against the Environment, but also the citizens of Panama and tourists, as natural habitats, are maintained and preserved.

Makeover for the Bay of Panama

Panama City is embracing a new plan to clean up its bay and improve the coastal environment bordering the city. On 31 Jan, the Vice Minister of Health, Dora Jara, delivered a new environmental impact study to the National Authority of Environment, describing the restoration and cleaning of Panama City and the Bay of Panama.

Restoring the environment to its original pristine condition is an expensive task. The estimated cost for the new project is \$350 million and will extend over a period of nine years. The company contracted to take on this arduous chore is Ingemar Panama/Aquambiente. Businesses contracted to clean-up the bay during the previous six years have failed in their attempts and spent \$6.3 million on one project without sanitizing a drop of water.

A key issue in the clean-up process is the need for a wastewater treatment plant, because for years raw sewage has been emptied into the Bay of Panama. The excessive numbers of microbes and pathogens in the water created by the dumping of waste put those who inhabit the areas along the coastline at risk for serious health problems.

If the clean-up of Panama City and its bay are successful, not only would health conditions improve for the residents of the city, but also the improvement plan would encourage the growth of tourism, as well as increase the number of migratory birds that would return to the region.

—Adam Kardos and Katie Gilman