

# ***MESOAMERICA***

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## **PANAMA**

### **Violent protests against Social Security Reforms**

Weeks before and immediately after the National Assembly gave its final approval, on 31 May, to a package of 180 reforms to the nation's Social Security Fund (CSS), tens of thousands of Panamanians protested, sometimes violently, in the streets of major cities against the reforms. President Martín Torrijos, whose Democratic Revolutionary Party controls 42 of the 78 congressional seats, signed off on the new law in the early morning hours of 1 June.

One of the most violent protests occurred 25 May near the National Assembly in Panama City, while Congress was still debating the proposed law, when a large mob of angry workers and students hurled insults, bottles and rocks at policemen who were manning a security barricade. The riot police retaliated by shooting tear gas and rubber bullets at the protestors, which caused minor injuries to 20 people and the arrest of 150 demonstrators. However, this confrontation came at the end of a largely peaceful march by thousands of protestors who had gathered in a square near the congressional building.

On 2 June, National Police Director Gustavo Pérez stated: "We're going to try to maintain calm where possible, and we're going to try to see to it that nobody gets injured on either side." However, since the protests began on 23 May, the National Police had arrested more than 550 protestors (mainly construction workers and students) and at least 27 people (including several reporters and cameramen) had been injured in various incidents as of 3 June. In addition to protecting government buildings, the police were standing guard at major intersections, bridges and other strategic points in major cities in an effort to curb violence, vandalism and looting by some demonstrators.

What started out as a small protest by high school and university students against the proposed CSS pension reforms turned into a prolonged general strike on 27 May, when tens of thousands of demonstrators joined the students throughout the country. The "National Front for the Defense of Social Security" represents more than 50 organizations, including 20 private unions associated with the National Confederation of Independent Unions and the members of the National Construction Workers

Union. In addition to students and construction workers, the demonstrators included teachers, CSS employees, public hospital physicians and nurses, Native American Indian groups and other workers.

According to the president of the Chamber of Commerce, Industry and Agriculture of Panama, the economic losses caused by the demonstrations totaled more than \$20 million. However, the government has downplayed the significance of the protests and claims that the “country’s economic activity has continued in a rather normal manner.” At the same time, the government has refused to give in to the protestor’s demands that Torrijos abolish the new law, which increases the quotas that employers and workers must pay into the CSS retirement fund and increases the age and quota requirements for retiring workers.

The government argues that the reforms are necessary in order to keep the CSS from going broke by ’12 and to guarantee its solvency until ’40. By ’06, current salaried workers and their employers will be required to increase their monthly payments to the CSS, which will generate an estimated \$100 million yearly for the CSS. Also by ’06, thousands of independent workers (including lawyers and other professionals) will be required to pay pension fund quotas, which will generate an additional \$50 million yearly for the CSS. In addition, the Torrijos government hopes that the nation’s economic growth will create thousands of new jobs and reduce the rate of unemployment, currently at 13%, thereby bringing more people into the work force and increasing CSS revenues.

When the Torrijos administration took office in Sep ’04, an estimated 700,000 workers and their respective employers were paying monthly quotas to the CCS, and about 165,000 retirees were collecting benefits from the CCS.

On 7 June, protests continued in Panama City, located on the Pacific coast, and in Ciudad Colón, located on the Caribbean coast, where demonstrators blocked major roadways and demanded that the government repeal the CSS reforms. Vehicular traffic was blocked at both ends of the interoceanic highway for several hours by construction workers and university students who were dispersed after riot police used tear gas. Additional protests were staged in Santiago, Río Hato, Divisa and Aguadulce in the central zone, as well as in the city of David in Chiriquí province in southwestern Panama.

### **Future Transit Fees to Finance Canal Widening Project**

Administrator Alberto Alemán Zubieta of the Panama Canal Authority (ACP) announced on 24 May that the ACP would not seek funding from international financial institutions to pay for construction costs of widening the Panama Canal, rather it would depend upon revenues from canal transit to finance the project at an estimated cost of between \$4 and \$7 billion over a period of 10 years. During ’04, the ACP generated \$1.063 million from canal fees and services, including \$360 million in surplus funds.

The new master plan for canal reconstruction includes the recycling of fresh water to operate the canal’s locks, which are used to raise and lower ships from sea level to the level of Gatún Lake. This lake is fed by the Changres River, which was dammed during the construction of the Panama Canal. The lake is located in the middle of the isthmus at the canal’s highest elevation and about half of the canal runs through it. The new canal structure will allow larger ships to pass through the locks than is possible presently, but the expanded canal facilities will require vastly greater water resources, which is a major concern of environmentalists and government planners. Presently, each time a ship passes through the

Miraflores-Pedro Flores lockages on the Pacific side or the Gatún lockages on the Caribbean side, about 26 million gallons of fresh water is used, which underscores the importance of maintaining the reliability of Gatún Lake's water supply. The current canal system, built by the US government and inaugurated in 1914, is long overdue for a major overhaul and is deficient in providing for the needs of 21<sup>st</sup> century shipping.

### **Latest CID-Gallup Poll Results Regarding Politics and Economics**

During 21-25 Jan '05, CID-Gallup de Panamá conducted a national public opinion poll regarding politics and economics in Panama, whose results were published in the newspaper *Editora Panamá América*. A summary of the most important results is given below.

- Although 62% of those interviewed stated they had no political preference, 29% said they favored the Democratic Revolutionary Party/PRD of President Martín Torrijos, and only 4% preferred the Arnulfista Party/PA of former President Mireya Moscoso.
- The majority of Panamanians had favorable opinions regarding the performance of the Torrijos administration: “very good” 15%, “good” 28% and “regular” 42%, whereas only 9% said “bad” or 6% “very bad.”
- About half the people interviewed said that Torrijos had done “much or something” (48%) to reduce public expenditures, while 47% said that he had done “little or nothing”; 15% said they had no opinion.
- Regarding the priorities that the Torrijos administration should have were the following: create more jobs (39%), save the Social Security Fund (17%), combat crime (11%), combat corruption (10%) and improve education (6%).
- Regarding the principal problems facing the nation, respondents stated: unemployment (56%), crime (17%) and corruption in government (8%).
- Regarding the promises that Torrijos made during his presidential campaign, the respondents remembered the following: “zero corruption” (41%), “create more jobs” (23%) and “help the poor” (10%).

—Clifton L. Holland