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## **Panama With Prospects of Improved Torrijos**

*by LADB Staff*

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Martin, son of Omar, will restore the Torrijos name to Panama's presidency. The office was destined from the beginning to see a familiar name on the door, but it took the May 2 election to determine that it would not be former president Guillermo Endara (1989-1994). Although Torrijos was pulling away as the vote drew near, Endara gave the 41 year-old son of the legendary strongman who negotiated the return of the Panama Canal a run for his money (see NotiCen, 2004-01-22).

The Partido Revolucionario Democrático (PRD)'s Torrijos also stepped on the candidate of the ruling party, Jose Miguel Aleman of the Partido Arnulfo (PA), and Ricardo Martinelli of the Partido Cambio Democrático (PCD), on his way to the top. But his most significant opponent was Endara who, although officially the Partido Solidaridad (PS) candidate, was perceived by the electorate really to be the Arnulfista candidate because of his closeness with Arnulfo Arias Madrid, patriarch of the PA.

### *Strange bedfellows make politics*

President Mireya Moscoso was married to Arnulfo Arias in 1969 when she was 22 and he 69. But it was Endara who appeared pictured in campaign ads with Arias, not Moscoso's PA candidate Aleman, and it took a court battle to get Endara to stop being seen in public with Arias. Closing the circle of intriguing relationships, President-elect Torrijos' father ousted Arias after the latter won his third presidential term in 1968.

The coup sent Arias compatriot Endara underground. He re-emerged on the political scene and was elected president in April 1989, but was not to take office until the US invasion of Panama squashed the regime of Omar Torrijos' protege, Manuel Noriega, who had annulled Endara's election. This was Martin Torrijos' second try for the office; Moscoso beat him in 1999. Because Moscoso campaigned actively for her candidate, this was something of a rematch for Torrijos, and, in a sense, also a successful rematch against his own father.

To win, Torrijos had to win over his father's old enemies. "In 1999 he was the son of the general," said Nils Castro, an adviser to Torrijos and a close friend of his father. "This time he was 'Martin,' the candidate who offered the possibility of a new style of politics and a new way to govern." To do that, Martin had, once assuming leadership of his father's party, to reform its closed, secretive, and paternalistic ways, opening the process to primary election rather than selection.

More important, he made alliance with his father's old enemies, the former Christian Democrats. "It is no longer the party where the chieftain ruled," said Samuel Lewis Navarro, "The party has internal democracy and is ready to face the real challenges of the 21st century - social justice and equality." Navarro is now Torrijos' vice president.

By consigning the Omar-Arnulfo battle of the caudillos to history, Martin Torrijos gained the support of a younger constituency. This contributed heavily to tilting the election his way. "We are leaving the era of caudillos," Castro said. "Our young people trusted the new faces of the party. Torrijos is going to govern with a new generation." Torrijos' victory speech recognized this departure from an era when the only choice was between two corrupt and authoritarian camps. "I invite everyone to join in a new social pact against, poverty, corruption and despair," Torrijos said in his victory speech. "At the end of my term I want to be remembered as the president who was able to transform a country that was headed for disaster."

One of the first to take Torrijos up on the invitation was Ruben Blades. The singer and 1994 unsuccessful presidential candidate said he wants to join the government and work in the justice system. Blades is also a lawyer. A legislature he can work with Torrijos came in with a long set of coattails.

His PRD- Partido Popular (PP) coalition will have an absolute majority in the Asamblea Legislativa (AL), according to preliminary data from the Tribunal Electoral (TE). Of the AL's 78 seats, PRD won at least 33, and PP, 3. Of seven seats still in dispute as of May 4, PRD is projected to win 3 or 4. The opposition alliance of the PA, Liberal Nacional, and Movimiento Liberal Republicano Nacionalista (MOLIRENA) has 23 seats assured, with one more, in contention, likely headed their way. Solidaridad will likely have eight, and Cambio Democratico, four. Torrijos has, according to the TE, 47.41% of the vote; Endara, 30.91%; Aleman, 16.39%; Martinelli, 5.29%. About 77% of those eligible voted, continuing a trend. In 1989 the figure was 64%, growing to 73.7% in 1994, and 76.2% in 1999. Blank and null votes accounted for 2.5% of votes cast in this election. Torrijos won a larger proportion of the vote than had Moscosco, at 44.79%, in the 1999 contest.

His second place showing in that election got him 37.81%. He needed this improved showing, as well as strength in the AL, for the tasks ahead. The new president is, on balance, seen to be leading a centrist party, and has been reported to be the most "market friendly" of the four candidates. The international market for Panamanian bonds seems to confirm this reputation.

Bonds rallied with his prospects for victory leading up to the election. "Simply put, Torrijos looks like he is willing to do stuff, which is a departure from his predecessor," said Michael Gavin, lead economist for Latin America at the UBS investment bank. "He seems to get along well with the business sector, and he's politically dynamic." The new leader will need lots of that kind of talk as he takes office.

The most pressing and difficult problem on his horizon is the country's pension system. It is hemorrhaging money, and will require reforms that have provoked popular ire. The Wall Street analysis is that the system will be bankrupt in less than a decade unless the government makes some painful decisions. "The solution will likely come from some combination of increasing retirement age; increasing worker, government and employer (contributions); and decreasing benefits," brokerage Morgan Stanley said in a recent report. Media coverage of the subject leaves little doubt that any of these moves would lead to massive worker protests.

Moscoso has said she would clean up the pension mess before leaving office, but there is no evidence that she will do that, or even, as a lame duck, she could. Torrijos told Reuters on Election Day he believed the Moscoso government had fudged its budget numbers and he could inherit a fiscal crisis. "They've met the target by sweeping everything under the rug," he said.

Torrijos will be the president who makes the decisions concerning the Panama Canal. Studies designed to determine whether and how to expand the ditch for which the country was created, that are currently under way. During the campaign, Torrijos supported improvements to the facility his father returned to the national patrimony in a deal with US President Jimmy Carter. A decision to go ahead with the gargantuan project would have to be approved by national referendum. During the campaign, Torrijos said that this will be Panama's "most important decision of the century."

Both the increase of traffic and the size of ships over the years has outstripped the canal's capacity. The Panamax class of ships, about 33 m wide, are the largest the canal can accommodate, and it does so with mere inches to spare. Now Post-Panamax ships are under construction. They don't fit. Panama can scarcely permit the defining attribute that brought in US\$900 million in revenues last year, to become an anachronism. Shipping increases by 2% annually, cargo tonnage increases by 8%.

But even with this growth, it has not yet been determined whether expansion, at an as yet undetermined cost, is justified by market demand. "Once we have a project that would include an expansion, if it is profitable, there will be no lack of sources of financing," said Fernando Manfredo, vice administrator of the canal during the last years of the US administration. The canal was not the biggest thing on Torrijos' mind as he accepted victory. He said to the nation, "I invite everyone to join in a new social pact against poverty, corruption and despair." Already working on his legacy, he said, "At the end of my term I want to be remembered as the president who was able to transform a country that was headed for disaster."

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