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Election Ends Major-party Domination As Panama Turns Right Against The Trend

by LADB Staff

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Ricardo Martinelli, a political independent, won the May 2 election and will be the next president of Panama. The millionaire conservative ran true to polling, beating ruling-party candidate Balbina Herrera by a wide margin. The electoral tribunal called the election with just 43% of the vote counted because Martinelli's lead, at 61% to 36% for Herrera, was insurmountable. They were right; the numbers held fairly constant to the end. Martinelli bucked Latin America's leftward trend and was accompanied in victory by right-winger Bosco Vallarino, now mayor-elect of Panama City. Analysts cited high crime and runaway consumer prices as reasons for the ouster of Herrera's and President Martin Torrijos' Partido Revolucionario Democrático (PRD). Voters were also said to have been swayed by Martinelli's business success in this time of recession and threatened livelihoods. Martinelli built up the country's largest supermarket chain, Super 99, from scratch and has promised to undertake work-making projects, building ports, highways, and a subway in the capital. He has also promised to look after people left in difficulties by the economic situation. He said that, when he takes office, he will give the next director of the Caja de Seguridad Social (CSS) a month to fix problems with the public health system, and, if the person fails to do so, he will publicly request that the whole board of directors step down. This sort of thing has brought him the trust of the lower classes and those on fixed income. "I believe that Martinelli will keep part of his promises," said Eladio Fernandez, director of the Asociación de Jubilados Independientes de Panama. He stressed "part" because, he said, the economy will make it very difficult to keep them all. The economic downturn worked for Martinelli by working against Herrera as well. As a member of the PRD family, she was stained with blame for the Panamanian growth slide from 9% to 2% under President Torrijos. Torrijos got the biggest capital project in Panamanian history underway, the inter-oceanic canal expansion (see NotiCen, 2007-09-06). But polls have shown that average people do not feel the beneficial effects. In fact, business in the Colon free-trade zone is sluggish, and ship transits through the canal are down 15% at a time when they should be up in justification of the massive expansion. Herrera was made to pay now for these reversals; Martinelli will likely pay later, but, in the meantime, he has profited. Martinelli also benefited from the nastily fought campaign that brought Herrera the PRD nomination. She was pitted against Panama City PRD mayor Carlos Navarro. Said law professor Jorge Giannareas, "Navarro tried to discredit Herrera by portraying her as a populist supporter of [Venezuelan President Hugo] Chavez, of whom most Panamanians want no part. The charges were never proved, but it was lethal to any chance of party unity." The lethality was enhanced by Navarro becoming Herrera's running mate, allowing the two to keep up the enmity for all to see throughout the long campaign. Navarro worked as a brake on the Herrera campaign in yet another way, by letting Panama City fall behind the growth curve. As the economy boomed, the capital became gridlocked with traffic, jammed with new construction, and strained by an influx of foreign pensioners and investors eager to join the very permissive financial environment. The train of contagion was Navarro to Torrijos to Herrera. Strangely enough, Torrijos appears to have come to the end of his term with his popularity high. Laissez faire in campaign financing The election was judged good enough to elect a president but lacking in confidence-

inspiring financial transparency. The electoral observation mission of the Organization of American States (OAS) leveled that criticism, and its chief, Jose Octavio Bordon of Argentina, told the press, "There is a broad consensus about the need for a regulation that establishes access to information concerning private financing of the parties and political campaigns." Bordon also conveyed the mission's concern about the negative campaigns that obscured the debate on candidates' governing proposals. He said the country lacks, to its democratic detriment, rules and time limits for reporting contributions and limits on amounts to encourage equity, but he acknowledged it would be for naught if there were no good system in place to control spending. The OAS representative flung a final barb at the Corte Suprema de Justicia (CSJ), encouraging it to publish a judgment allowing the candidacy of independents for the offices of president and vice president. The Constitution forbids barring anyone on these grounds, but existing legislation demands it. Had the court not stepped in, Martinelli might still be running his grocery stores. Almost as a sidebar, a potential beneficiary of the publication of the CSJ decision would be the wife of former President Guillermo Endara (1989-1994). Endara ran a very distant third in this election. He said he would not run again but noted that the court has opened the door to a run by Ana Mae de Endara in 2014. She is known as a flamboyant person who had highly publicized but not particularly relevant feuds with former President Mireya Moscoso (1999-2004), and whose direct political experience is limited to her time as first lady. But that is still more than Martinelli had. In post-election celebrations, Martinelli repeated that he is serious about the democratic change that the name of his patched together party, Alianza por el Cambio, suggests. He told supporters, "You know something, the election promises, we're going to keep them all; this country has to change." Conservative he may be, but he nevertheless deplored that, just five minutes from where he stood, "there are Panamanians who don't have potable water, that we have the worst transportation system, where people line up at 4 a.m. for an appointment at the CSS." The president-elect's political bent ran truer to form on free trade and the recently concluded treaty with the US, not yet ratified in the Democrat-controlled Congress. "It will be our number one priority," he said. Martin Torrijos signed the text in June 2007, but US lawmakers remain wary on a list of issues, headed by concern that Panama is a tax haven for rich foreigners (see NotiCen, 2003-07-24). Only money earned in Panama is taxable there, so funds flowing to local banks from elsewhere are not of interest to authorities. Martinelli's economics people deny the country is a tax haven, but, at the same time, chief economic advisor Frank De Lima has said that sharing banking information with the US tax people is not out of the question. The problem could cause Martinelli to walk a tightrope. He wants the trade agreement, if for nothing else than to stay competitive with countries of the isthmus and Mexico, but he also wants his banking sector, which has been a very important part of his country's previously roaring economy, to continue to enjoy an edge. President-elect Martinelli marched to victory with an impressive army behind him. The near-record voter turnout punished PRD candidates wherever it found them and brought multitudes of new Alianza por el Cambio deputies to the legislature. The wire services called it a tsunami. Over and above the 23-point spread at the top of the ticket, the Asamblea Legislativa has undergone an extreme makeover. The PRD has lost some 20 seats in the 71-member chamber, and the Alianza now controls more than half. New mayor, new controversy Completing the rout of the governing party was Bosco Vallarino's capture of the mayoralty of Panama City, the second-most-coveted jewel in the crown of governance. Vallarino's race provided what little uncertainty there was in this election. As late as mid-April, this very conservative candidate was running second to the PRD's Bobby Velasquez, and his candidacy was in question until the electoral authorities decided his dual US citizenship did not constitute a constitutional bar. The Tribunal Electoral (TE) was helped along in its decision to reinstate Vallarino's bid by the Inter-American Commission

on Human Rights (IACHR), part of the OAS. The IACHR ruled on the case Vallarino's lawyers brought it that the candidate, in taking US citizenship, did not give up, or intend to give up, or put in suspension his Panamanian citizenship, as evidenced by the fact that he returned to the country and took up permanent residence there. The candidate is reputed to be flamboyant and demonstrative. In keeping with that image, he staged a vigil outside TE headquarters in anticipation of its decision. Vallarino seems to have been pulled along by Martinelli's strengths and pushed along by Bobby Velasquez's weakness. The PRD entry was seriously compromised by solid evidence of links with his and Herrera's campaigns to admitted fraudster David Murcia, who admitted giving them campaign monies. The Colombian Murcia now sits in a jail cell in that country (see NotiCen, 2009-04-16). Meanwhile loser Velasquez seems intent on continuing to hurt himself. At the height of Vallarino's difficulties, when Velasquez had a comfortable lead, he publicly called for the TE to find in favor of his rival. But, now that Vallarino has won with 45% of the vote to Bobby's 40%, the loser is once again calling for his disqualification. Perhaps he cannot let go of the knowledge that it was Vallarino, back in February, who first demanded that the attorney general and the TE look into where campaign funds to the PRD were coming from. The loser might also regret having brought up the citizenship issue. Vallarino was not very well-known prior to the charge, and reports have it that his defense brought him much-needed sympathy. In more leftward circles, he has been identified with right-wing Florida Republicanism and his business in Panama with racism. His Entorno Urbano real-estate development, and others like it, "portray a Panama without black people, a Panama where one can live exclusively among light-skinned neighbors," says the Panama News. The mayor-elect has also been associated in the US with former Arizona Republican congressman Rick Renzi, who is under indictment on some 35 counts involving real estate fraud and kickbacks.

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