5-15-2014

Panamanian Opposition Leader Juan Carlos Varela Wins Elections

Louisa Reynolds

Follow this and additional works at: https://digitalrepository.unm.edu/noticen

Recommended Citation

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Panamanian Opposition Leader Juan Carlos Varela Wins Elections

by Louisa Reynolds

Category/Department: Panama..
Published: 2014-05-15

On May 4, Vice President Juan Carlos Varela won the presidential election with 39% of the votes, compared with 32% for economist José Domingo Arias of Cambio Democrático (CD) and 28% for Panama City’s former mayor Juan Carlos Navarro. It was one of the toughest-fought elections since democratic rule was restored two decades ago.

After his unexpected victory, regarded as a rebuke to President Ricardo Martinelli’s attempt to extend his grip on power, Varela struck a conciliatory note, saying it was time "to put the party banners away and to govern under one flag, that of Panama." His party only got 11 of the 71 seats in Congress, which means that, after his swearing in on July 1, Varela will have to form alliances with the opposition to push his planned reforms through Congress.

Varela will face the challenge of maintaining the impressive economic growth achieved under the Martinelli administration while reducing economic inequality, as one-quarter of the country’s population lives below the poverty line. Varela will also have to oversee the completion of the Panama Canal expansion project, which has suffered a number of setbacks and delays because of a dispute between the Autoridad del Canal de Panamá (ACP) and the consortium in charge of the project as well as a nationwide construction strike (NotiCen, April 10, 2014). The Panama Canal accounts for 8% of the country’s GDP.

Varela is a prominent entrepreneur and since 2008 has been executive vice president of the Varela Hermanos family business, whose investments include a brand of Panamanian rum. During the 1990s, he joined the right-wing Partido Panameñista, which became the country’s second-largest political force, and in 2009 he became foreign minister and vice president of Panama, alongside President Martinelli of the CD party. The implicit accord was that Martinelli would serve a term and then Varela would run for president with the support of the Partido Panameñista.

However, the marriage of convenience between the newly created CD and the long-established Partido Panameñista fell apart soon after the 2009 elections. After a bitter dispute regarding their political alliance, in 2011, tensions exploded because of a highly publicized corruption scandal. A court case in Italy revealed allegations that an aide to former Prime Minister Silvio Berlusconi had paid bribes on behalf of Italian company Finmeccanica to secure a US$250 million contract to purchase radar equipment and helicopters (NotiCen, June 14, 2012, and Dec. 13, 2012).

Tensions between Martinelli and Varela reached new heights after Varela claimed that the president had received US$30 million from Berlusconi confidant Valter Lavitola, who is serving a prison sentence in Italy. Martinelli denied the claims, removed Varela as foreign minister, and exhorted him to "be a man" and resign as vice president. After his attempts to remove Varela from office failed, Martinelli slapped a US$30 million libel suit against Varela.
Alluding to the Finmeccanica corruption scandal during the election campaign, Varela said that his would be "an honest, humane government of national unity," and, once he had achieved a clear lead in the poll, he told Reuters that "better times are on the way."

After his victory, Varela took another swipe at Martinelli when he addressed a cheering crowd and said, "Whoever wants to do business should grab their things and go to the private sector." The outgoing president hit back by saying, "I know the candidate, and, really, may God help us!" He also said that, in light of Varela’s victory, he would change his plans of "enjoying life" and would go into the opposition instead.

**Arias regarded as puppet candidate**

As the Panamanian Constitution forces presidents to step down after one term and bans them from running for the two subsequent terms, Martinelli decided to back former housing minister José Domingo Arias as the CD’s presidential candidate. Arias, who stepped down from his ministerial position to run for president in February this year, joined the CD in 2006, and when Martinelli was elected in 2009 he was initially appointed minister for foreign trade. In this position, he set up the Proinvex government bureau to attract foreign investment and boost exports. He also drew up a new law concerning free-trade zones.

In 2011, Arias was appointed minister of housing and land management and was in charge of implementing a number of urban renovation and housing projects such as Proyecto Curundú and Piso y Techo, as well as building the country’s first barrio digital (digital neighborhood) with wireless Internet access in every dwelling.

However, these achievements did not suffice to make Arias a viable presidential candidate. He was widely regarded as Martinelli’s handpicked successor, especially as his running mate was the president’s wife, Marta Linares, whose greatest political achievement was presiding at the inauguration of a center for autistic children in Panama City. While Martinelli dominated the CD’s election campaign, Linares was notably absent, thus cementing the perception that Martinelli was pulling the strings and attempting to cling to power until he could legally run for president again.

"Democracy is in jeopardy. If Martinelli repeats through this covered-up re-election, we fear we’ll be back in civilian dictatorship mode," said Roberto Eisenmann, former director and founder of Panama’s opposition newspaper La Prensa, during the run-up to the general elections.

Risa Grais-Targow, a Latin American analyst at Eurasia Group, voiced a similar concern when she told The Christian Science Monitor that an Arias government would "essentially" be "a Martinelli government."

-- End --