1-17-1992

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Deborah Tyroler

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Panama: Legislature's Budget Committee Rejects Voluntary Public Employee Retirement Plan

by Deborah Tyroler
Category/Department: General
Published: Friday, January 17, 1992

On Jan. 15, the national legislature's budget committee rejected a voluntary retirement plan for public employees submitted by the executive Jan. 8. President Guillermo Endara's government seeks to reduce public employee ranks by 22,000 over the next two years. Under Panamanian law, budget committee approval is required as a first step in implementing the retirement plan. The committee is controlled by the political opposition, or Christian Democrat (PDC) and Democratic Revolutionary (PRD) members of the congress. The government retirement plan includes payment to volunteers equal to the employee's annual salary, and enrollment of volunteers in a small business promotion program. At present, public employees number 130,000. Both the International Monetary Fund and the World Bank insist on reduction of the public sector work force as a pre-condition to restructuring the Panamanian government's US$6 billion foreign debt, scheduled to begin within the next two months. Ricardo Arias, first vice president and PDC chief, said the program will increase unemployment. According to official statistics, 130,000 persons in the labor are unemployed. Opposition sources say the real number is over 250,000. Labor Minister Jorge Rosas, member of the ruling Nationalist Republican Liberal Movement Party (Partido Movimiento Liberal Republicano Nacionalista-MOLIRENA), said the plan is "worrisome because it will further increase the nation's high unemployment rate." (Basic data from several reports by Agence France-Presse, 01/15/92)

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