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In Panama Legislators Worry About Gridlock

by LADB Staff

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A political struggle between the executive and legislative branches has Panama in a state of "worry and nervousness" that a crisis is in the making. President Mireya Moscoso has even expressed fears of impeachment. A national dialogue is underway to confront the big national problems, while legislators meet to look for common ground with the president on budget and other matters.

The contentiousness between the two branches reached the point where Moscoso believed that the legislature was planning to depose her through impeachment and that an opposition Partido Revolucionario Democrático (PRD) deputy was pushing a plan to hold the next presidential election before the scheduled date in 2004. Assembly president Ruben Arosemena said Moscoso's fears were unfounded, and he speculated that they were a reaction to his remarks warning of an impending clash and concerns that Panamanians had little confidence in politicians something that in other countries gave rise to leaders like Hugo Chavez in Venezuela.

Budget discussion in stalemate

Economy and Finance Minister Norberto Delgado sent the legislature a US\$6.28 billion budget for 2002 that is 9% bigger than the current budget despite administration calls for austerity. One major dispute concerns a US\$38 million cut in the special allocations (partidas circuitales) given to deputies to spend as they please for projects in their districts. Delgado told the Notimex news agency that, in a recent trip to Washington, International Monetary Fund (IMF) officials told him they were concerned that politics would undermine IMF macroeconomic agreements with Panama. The IMF, he said, sees the national dialogue as an opportunity to get all sides to agree on IMF recommendations for fiscal reforms, debt caps, and government spending cuts.

Earlier this year, the Assembly, with support from business and labor, rejected an administration proposal for fiscal reforms necessary to meet the IMF goals. The Assembly also rejected Moscoso's proposals to use money from the social development fund (Fondo Fiduciario) to help meet the goals, which would ease pressure for budget cuts.

Deputy worries about a coup

In October, Deputy Alberto Cigarruista of Moscoso's Partido Arnulfista (PA) said the country was in the same situation that led to a coup in 1968, after which the military ruled the country until 1989. He said both the executive and the legislature had made errors that had to be rectified. Assembly president Arosemena talked of an impending "state crisis" stemming from disagreements on proposals to reactivate the economy. He called on Moscoso to find a solution to the impasse. But Moscoso's initiatives have largely been rejected in the Assembly. Moscoso's battles with the Assembly have also divided her own party because some of the proposed budget cuts would hit the deputies hard. The administration wants to cut the Assembly's operating budget and eliminate the

partidas circuitales altogether. And, Moscoso wants to cancel contracts the Assembly has already signed with staff.

During a special meeting of deputies with business and labor leaders at the end of October, Gabriel Castillo, director of the Coordinadora Nacional de Unidad Sindical (CoNUSI), said there was a "very grave and serious" possibility of a clash between Moscoso and the legislature. The special meeting was supposed to deal with the budget and other legislative issues but there was some sentiment to put the budget before the ongoing "national dialogue," bypassing the legislative process. The government and the opposition PRD, along with other players, began a national dialogue Oct. 8 to try to achieve consensus on what to do about the great problems facing the country the sagging economy, public security, and the proposed modernization of the canal (see NotiCen, 2001-11-08).

The idea for the dialogue came after the Sept. 11 attacks in the US threatened to plunge Panama into a recession. Before Sept. 11, the economy had been contracting, from a growth rate of 4.7% in 1997 to 2.7% in 2000. Since Sept. 11, the administration has revised the growth projection for this year from 4% to no more than 1.5%. Before the dialogue opened, Moscoso and PRD leader Martin Torrijos had a private meeting. This raised questions about whether they or the dialogue participants would decide the issues. There are tradeoffs that can be made, such as consideration in the Assembly for administration appointees in exchange for easing up on the austerity.

Moscoso's Interior Minister Winston Spadafora resigned to accept a place on the Corte Suprema de Justicia (CSJ). Moscoso has not yet nominated Spadafora, but PRD president Balbina Herrera has announced her party's opposition. Spadafora said that rejecting his appointment would affect the country's governability. There were reports in the media that Moscoso offered to restore the US \$38 million partidas in exchange for the Assembly's confirmation of Spadafora. Legislators from all parties began meetings Nov. 8 to consider a new offer from Moscoso. Though the details were not made public, the daily El Panama America reported that the offer was to relax some of the austerity measures that most affect the Assembly and restore the partidas circuitales, although they would be funded at less than the current levels.

In exchange, the Assembly would approve the administration's budget, confirm Spadafora, and approve other administration bills such as a US\$50 million credit to the water and sewer authority (Instituto de Acueductos y Alcantarillados Nacionales, IDAAN). Reflecting on all the meetings and dialogues, Luis H. Moreno, former manager of the Banco Nacional de Panama, said he was not optimistic that all the talk would end the crisis. "It's better to shut up and work more," he said.

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