

Panama election a distorted expression of growing opposition to austerity

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Panama's electoral tribunal declared Laurentino Cortizo Cohen of the Democratic Revolutionary Party (PRD) winner of Sunday's presidential election in Panama, with 33 percent of the votes, two points ahead of the openly right-wing Democratic Change candidate, Rómulo Roux, who acknowledged his defeat Monday afternoon.

The election was another sign of growing opposition to inequality, albeit in a distorted way. It came after a year dominated by a series of strikes, including teachers demanding greater funding for public education, a one-month strike by thousands of construction workers demanding a 60 percent raise, and a general strike last July against an electricity rate hike.

Cortizo, however, demonstrated his intention of escalating the policies of austerity and financialization driving inequality. His campaign, and this was true for all candidates, centered on "fixing" Panama's image after the emergence of the Panama Papers and a bribery scandal regarding the Brazilian construction firm Odebrecht.

Significantly, José Blandón, the candidate of the Panameñista Party of incumbent president Juan Carlos Varela, who is constitutionally unable to run for re-election, received only 10.7 percent of the votes, compared to 19 percent for the previously little-known independent candidate, Ricardo Lombana. The only contender claiming to be "left," the Broad Front for Democracy (FAD), founded and led by the construction-sector union responsible for selling out the strike last year, received only 0.68 percent, virtually the same as in 2014.

Amid official boasts about the fastest economic growth in the region and a growing number of millionaires and their extravagant lifestyles, more than half of the working population is either unemployed or works in the highly precarious informal sector. Half of those in the formal sector make the minimum salary, and buying power has fallen during the last decade.

Alfredo Ábrego, a young father of three at Paso Blanco, told *El País* last week "There are no jobs in this area and, when there are, they are sporadic, nothing stable... They say

the economy is growing, yes, but we only survive here with less than \$200 for a fortnight. We are close to Panama [City] but transportation is difficult."

Alma Moreno, a worker who makes \$300 each fortnight sweeping streets in Panama City, told the Spanish daily, "A few years ago, we could do our shopping for the whole family with \$200 or \$250 per fortnight. Now, it's almost double: the pound of rice, the liter of oil... Everything is expensive."

A multibillion-dollar expansion of the Panama Canal initiated under the PRD government of Martín Torrijos, who promised to "lift all boats" with good-paying jobs, was inaugurated in 2016, but most Panamanians have seen none of the benefits. The same promise was made when his government signed a bilateral free trade agreement with the US.

His father, Omar Torrijos, a populist dictator who took power in a military coup in 1968 and founded the PRD, made similar promises when signing a deal for the gradual transfer of the Panama Canal from US to Panamanian control in 1977. The threadbare political capital from the limited social reforms he implemented is largely behind any remaining support for the PRD. In 1981, he was killed in an explosion believed to have been staged by the CIA.

Social austerity, privatizations and tax incentives have been intensified by governments of all stripes ever since, at the behest of the local and international financial aristocracy. According to the International Monetary Fund (IMF), Panama's financial system hosts 1105 firms that administer \$129 billion in assets, or 238 percent of GDP.

After decades dictating these right-wing policies, the IMF focused its 2018 report on improving Panama's image for investors, suggesting greater supervision by the agency's own departments and "measures to remove any appearance of secrecy in the law." The aim, however, has nothing to do with fighting tax evasion and corruption, but to "secure Panama's competitive position as international financial and business services center," which is based on its offer of tax benefits and other obscure financial services.

While the deepening crisis of global capitalism has fueled financial parasitism, endless austerity and staggering inequality, it is also intensifying the economic and military conflicts between rival capitalist nation-states, chiefly between a US imperialism in decline and a still-rising China, the world's two largest economies. As a reflection of its position as a logistical, geographic, and financial node in the global economy, these processes find a particularly sharp expression in Panama, a country of four million people.

Panamanian politics are thus a sensitive barometer of the falling power of US imperialism and its growing dependence on reckless military operations in seeking to reaffirm its domination over the hemisphere.

As the Cold War drew to a close in the 1980s and 1990s, Washington fulfilled the 1977 accords by handing over the Canal, closing down the School of the Americas, moving its Southern Command headquarters to Miami and shutting down its military bases in Panama.

The weakening of the so-called “special relationship” with Panama as a firm neocolonial bastion of US imperialism was most clearly demonstrated by the 1989 invasion of 26,000 US troops to capture the former CIA asset and dictator Manuel Noriega, leaving thousands of civilians killed or maimed.

The Pentagon, however, has shown its readiness to intervene in Panama and the vicinity, including Venezuela, since 2003 by staging the largest annual military exercise led by its Southern Command, under the name Panamax, based on the scenario of “ensuring the defense of the Panama Canal,” whose control is crucial for isolating China from the eastern coasts of the Americas.

Since the Martín Torrijos administration, the Panamanian ruling class has increasingly sought to maneuver between Washington's domination and the forging of closer economic ties with Beijing. As early as 2005, a cable from the US embassy published by WikiLeaks warned, “the GOP [Government of Panama] fears that an ill-considered move toward China could compromise its relations with the United States, its most important bilateral partner.”

In June 2017, Panama broke ties with Taiwan and recognized Beijing as the sole government of China. Last November, President Varela went as far as to declare to Washington that Panama “is a sovereign, dignified and independent country that decides its own policies... How can you tell countries in Latin America and Central America not to strengthen commercial ties with China?”

In recent years, Chinese companies have invested several billion dollars in infrastructure projects and gained control of ports on both ends of the canal. The telecommunications giant Huawei has set up a distribution center along the canal as well.

President-elect Cortizo has deep personal and political ties with the US ruling class and, on election day, announced he had a “frank” discussion with the Chinese ambassador, in which he stressed that “we have a strategic relationship with the US, our main partner.”

Nonetheless, with the Panamanian economy slowing down from its 11.3 percent growth in 2011 to 3.7 percent currently, ongoing negotiations on a free trade agreement with China, and remarks by Chinese President Xi Jinping about turning Panama into a “logistical center” for Chinese companies in the Americas, economic ties between the two countries are expected to continue growing.

At the same time, Varela has led regional support for the US regime-change operation in Venezuela, which is aimed in large measure at reversing growing political and economic Chinese and Russian influence in the region. Last Thursday, Varela echoed Trump's threats of an invasion. “I hope the Maduro ex-president looks himself in the mirror of the former general [Manuel] Noriega,” he said.

Noriega, however, finds a political reflection in his successors, including Cortizo, who also backs Washington's reckless operation in Venezuela. Noriega played a leading role as a channel of intelligence, money, guns and drugs used to back the US counterinsurgency and regime-change operations during the 1970s and 1980s in Central America, which not only killed hundreds of thousands, but set the stage for the ensuing social crisis, involving cartels, gangs and police-state repression in the region, and the deaths of many thousands more over the last two decades.

A US-instigated civil war or a direct military intervention in Venezuela would not only bring about an even worse disaster for the entire hemisphere, but could also trigger a war with nuclear-armed Russia and China.

The only alternative to imperialist war and oppression—and Panama's current position as a flashpoint—lies in the growing struggles of the working class in Latin America, the United States, Europe, Africa and Asia against social inequality.



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