

# Panama government swiped by U.S. conservative think tank

THURSDAY, 12 AUGUST 2010 19:48



## ***What the Papers Say***

### **The National Review, Washington**

While Panama has got another pat on the back from Moody's ratings agency, and President Ricardo Martinelli has, according to a local poll, climbed in the public estimation as the government announces a barrage of job creating programs, there are hovering clouds in the United States.

*The proposed Free Trade Agreement has barely moved out of the starting blocks, with unions and Democratic legislators unhappy with recent government legislation. Their concerns are reflected in a devastating attack from the on line National Review published by the Conservative Cato Institute in Washington. (The comments about the prosecution of Ana Matilde Gomez, were written well before the trial at which she was sentenced to six months imprisonment.)*

"Ricardo Martinelli's May 2009 election as president of Panama seemed to bode well for the country's development prospects. During his campaign, he promised to implement bold market-oriented reforms, such as a flat tax (which would have been the first of its kind in the Americas), freer trade, an end to some government subsidies, and less bureaucratic red tape. Unfortunately, not only have those promises gone unfulfilled, but Martinelli's presidency has been marked by interventionist economic measures, cronyism, the erosion of democratic checks and balances, and even harassment of independent media.

"The Panamanian president has raised the minimum wage by 30 percent, a reckless move. .... He has nationalized two privately managed highways, at a cost of more than \$1 billion. He has created new government agencies as well as new entitlement programs. He has also announced lavish public-works projects, such as a publicly financed skyscraper in Panama City that would be the tallest building in Latin America. Last week, the Martinelli administration announced a 2011 budget of \$13.9 billion, which represents over 50 percent of the country's total GDP, making Panama one of the biggest public spenders in the region. In order to finance his spending spree, Martinelli has relied on issuing new debt and raising taxes; he has increased the value-added-tax rate by 40 percent and created a new monthly tax on gross income. Martinelli has even said that he would use social-security funds for certain projects, such as the nationalization of the highways. However, Martinelli's most distressing moves have been his attempts to undermine the checks and balances of Panama's democratic system. Upon taking office, he pledged that two upcoming appointees to the Panamanian supreme court would be selected through an open nomination process, with significant public involvement. When he found the recommended candidates objectionable, he ignored them and appointed two close associates.

"One of the appointees, José Abel Almengor, had been Martinelli's security secretary. The other, Alejandro Moncada, was removed in 2000 from the now-defunct Technical Judicial Police for serious ethical breaches. His wife now works with Martinelli's wife.

"Cronyism seems to be the norm in Martinelli's Panama. For example, an accountant from Martinelli's supermarket business has been appointed as general comptroller; public procurement processes have been ignored; and government contracts have been arbitrarily granted to relatives and political associates. Furthermore, an institutional crisis broke out last January when the supreme court, at the Martinelli administration's request, suspended the attorney general under questionable charges of "abuse of power" (in Panama the AG's office is

part of the judicial branch). Her replacement worked in Martinelli's presidential campaign.

"The Panamanian media have been highly critical of Martinelli, at times drawing veiled threats from the government. For instance, the president asked TV stations to "self-regulate" their news coverage in order to reduce "violent content" in their news hours. Soon afterwards, a congresswoman from Martinelli's party introduced legislation to create a government board to "regulate the self-regulation" and extend it to newspapers and radio. A similar body existed in Panama under the dictatorial Noriega regime. The Inter-American Press Association (IAPA) has expressed "concern" about the bill, which, according to Robert Rivard, director of IAPA's Committee on Freedom of the Press, would constitute "a backward step for freedom of the press" in Panama. There have also been reports of journalists' being harassed by the authorities.

"Martinelli, whose coalition enjoys a comfortable majority in the unicameral Panamanian national assembly, still has four more years in office. The direction in which he's taking his country should worry those who once marveled at Panama's rapid transition toward full-fledged republican democracy"

— *Written by Juan Carlos Hidalgo project coordinator for Latin America at the Cato Institute's Center for Global Liberty and Prosperity.*

The good news is, Moody's says Panama's banking system is stable and poised to start lending again, which is good news for developers, home owners and car purchasers.

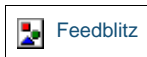
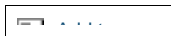
---

Login

[This blog post](#)

[All blog posts](#)

Subscribe to this blog post's comments through...




[RSS Feed](#)

**Subscribe via email**

[Subscribe](#)

[Follow the discussion](#)

**Comments (2)**

 Logging you in...

[Close](#)

**Login to IntenseDebate**

[Or create an account](#)

Username or Email:

Password:

[Forgot login?](#)

[OpenID](#)

[Cancel Login](#)

[Close](#)  **WordPress.com**

Username or Email:

Password:

[Lost your password?](#)

[Cancel Login](#)

[Close](#)

**Login with your OpenID**

[Or create an account using OpenID](#)

OpenID URL:

[Back](#)

[Cancel Login](#)

[Dashboard](#) | [Edit profile](#) | [Logout](#)

Logged in as

Sort by: [Date](#) [Rating](#) [Last Activity](#)

+1 [Vote up](#) [Vote down](#)



Fred · *3 hours ago*

This writer is calling the Cato Institute a CONSERVATIVE organization? According to it's own web site, it is a libertarian think tank headquartered in Washington, D.C. Libertarians are the far, far right wing of Conservatism. Plus this is a 'think tank', meaning these are PHDs who have read books, but never held a real job or accomplished anything of value other than writing books based on books they have read. In addition they are breathing the air in Washington D.C. and you have seen what that air does to you from what it has done to the likes of Pelosi, Reid, Dodd, Franks, Maxine Waters and Charles Rangle. They quote a lot of percentages and figures, but remember that Figures Don't Lie, but Liars Figure...I can make almost anything look the way I want it to look quoting percentages. Plus a great man once said 87.68% of all percentages are made up on the spot. LOL

[Reply](#)

0 [Vote up](#) [Vote down](#)



Jonah · *3 hours ago*

A rather well written summary of Martinelli's first year and the dramatic revectoring of Panamanian "politics"...George Bush on steroids. Martinelli obviously has a "runt complex" along with his bi-polar condition. Watch him continue to build up a military. All despots must feel powerful. I would suggest the probability is quite high that four more years will turn into nine more years...at least. Foreign investment will be shunning Panama.

[Reply](#)

## Post a new comment

Enter text right  
here!

Comment as a Guest, or login:

[Login to IntenseDebate](#)

[Login to WordPress.com](#)

[Login to OpenID](#)

Name

Email

Website (optional)

Displayed next to your comments.

Not displayed publicly.

If you have a website, link to it here.

OpenID URL

Comment as a Guest or [login](#) using OpenID

**Submit Comment**

Subscribe to

Comments by [IntenseDebate](#)

