Prior to completing nine months in office, President Martin Torrijos launched his proposal to reform the Panamanian social security system in May of 2005. After a serious confrontation with the popular sectors that were already prepared to reject the initiative, the Torrijos Administration was left weakened with a significant decline in popularity. In this article, the economic and social background to the political crisis will be briefly analysed so as to provide a context for understanding the popular struggle unfolding in Panama. The continuing importance of the Panama Canal will then be discussed in the context of the objectives being pursued by the Torrijos Administration. This will in turn frame an analysis of the proposed neoliberal reform of the social security system and how the popular organisations have sought to confront them with demonstrations, marches and a month-long strike.

The protests and the strike ultimately forced Torrijos to hold a national dialogue. Torrijos eventually decided to impose a resolution against the will of the popular sectors. The high political cost in doing so has consequently placed in jeopardy the government’s pending plan to widen the Panama Canal.
Economic and Social Policies in Panama

Beginning with opposition to the first structural adjustment programmes implemented in Panama during the 1980s, the popular movement has been steadily developing its capacity to confront the state. New ideological elements have become incorporated in the popular struggle and its scope of coverage has expanded. Its overall message now displays increased consciousness of issues concerning the environment, the rights of women and ethnic groups, and regional concerns. The struggle has also grown to incorporate the demands of the unemployed, workers in the formal sector, marginalised groups and newly impoverished middle strata.¹

In spite of this increased capacity for mobilisation that can force a standing government to pause and grapple with their discontent, the working class and the popular sectors more generally do not yet possess a political organisation that can permit it to effectively confront the initiatives of the traditional ruling groups. It is the most advanced fractions of the working class that continue to form the central nucleus of the popular movement and this is a reality that can be readily seen in Panama as elsewhere.

Neoliberal economic and social policies have been on an offensive against the Panamanian working class and the popular sectors for over twenty years. At the global level, the fledgling rate of profit has forced the agents of capital to search for formulas designed to minimise its losses. In the particular case of Latin America, the successive waves of structural adjustment programmes signified the means by which to ensure that capital transfers continued to flow “properly” from the indebted countries to the lender countries.

In Panama, the percentage of the annual national budget allocated for debt service payments has hovered above fifty per cent since the 1980s. This change in priorities signified a significant reduction in public investment in programmes of education, health and development. The resulting deterioration in the quality of life began to be felt almost immediately. But this also served

¹ “The heterogeneity of the forms of work is nothing new, either in capitalism or in earlier modes of production. Two theoretical conceptions, related to the advance of salaried work in modern societies ... [have contributed] to the concept of work. One was the neoclassical conception according to which there is no other work to be considered other than wage-labour, that which is bought and sold for wages. The other conception was the classical Marxist version where the concept of labour did not remain confined to wage-labour, and in which labour is conceptualised as all forms of activity related with the material wealth of society, not just that which is involved with the creation of exchange value.” (de la Garza T. 2005)