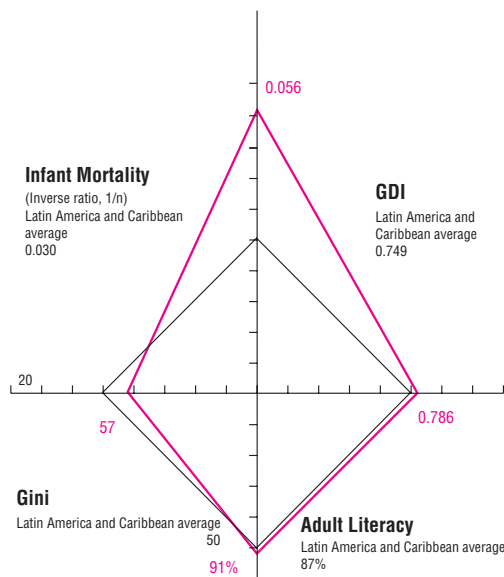


• PEDRO A. ADAMS¹



The Equity Diamond: National values in terracotta compared to regional ones in blue. Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*, **Adult literacy:** UNICEF, *The State of the World's Children, 1998*, **GDI** (Gender Development Index): UNDP, *Human Development Report 1998*, **GINI:** World Bank, *World Development Indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

Nineteen ninety-nine witnessed the consolidation of democracy, the achievement of sovereignty over the whole of national territory and the emerging availability of new assets (the Panama Canal and surrounding areas) among public resources to be invested in national development. The country's struggle to achieve complete sovereignty had been a constant aspiration uniting all Panamanians over the generations. The obtainment of full sovereignty signals an

SLOW PROGRESS TOWARD MEETING NEEDS

opportune moment to concentrate on another task: the battle against poverty.

The enclave development of the Panamanian economy has not allowed the majority of people to enjoy the fruits of economic growth, despite increased social spending by government. Macroeconomic indicators relating to employment and growth in gross domestic product (GDP) show an improvement in poverty levels in Panamanian society. Nonetheless, the income gap has grown, exacerbating social inequality. The expected 3.3% growth in GDP for 1999 does not apply to all sectors of the population. The structural reforms initiated at the beginning of the 1990s have not resolved the serious problems of infant malnutrition, extreme poverty and lack of access to health and education services.

The outgoing government increased social expenditure, both as share of total public spending and as a proportion of GDP. A sectoral analysis of spending shows that the largest increase in social expenditure is concentrated in education and social security, followed by the health sector.

The amount of public funds spent on social areas has grown at an average annual rate of 5.78% in the last six years, while *per capita* spending increased by 3.27% annually, according to non-official sources.

The new government signed two new loans with the Inter-American Development Bank (IDB) for USD 65 million for the 'Poverty Relief and Community-based Development' programme and the 'National Environmental Programme'. This reflects a tendency to maintain and increase social spending as far as possible. But progress is not as great as had been hoped. Public funds destined for social services are still managed inefficiently. The new government faces the challenging task of maintaining and increasing the level and efficiency of social spending if it wants to achieve substantial improvements in the living standards of the

¹ The author is grateful for the contributions made by Pastor González, ex-consultant at the Instituto de Estudios Nacionales (Institute of National Studies) of the University of Panama, and Glorina Rojas, secretary of Humanigar, an NGO working on the issue of intercultural community-based development.

poorest sectors. Well-executed programmes with clearly-defined objectives, goals, target populations, evaluation systems, and participation by the population, would yield better results. The new government's duty to the million poor people in this country obliges it to optimise the resources assigned to combating poverty. The payment of foreign debt service remains a serious obstacle to development. The renegotiation of the debt with international finance institutions cannot, therefore, be delayed.

SLOW SOCIAL DEVELOPMENT

Social development in Panama is influenced by various factors linked to the model of development implemented in the country. The incidence of poverty and lack of social equity are alarming. The label 'poor' refers to the inability of large sectors of the population to satisfy their basic needs because of their low levels of income. Criteria established to calculate the proportion of the population living in poverty show 37.3% of the population living in poverty (those with a monthly income of less than USD 75.42) and 18.8% living in absolute poverty (with a monthly income of less than USD 43.25).

Children and the indigenous population are most affected by poverty. Of children under the age of five, 53% live in poverty, while for those under fourteen, the percentage varies from 50% to 46%. Of the indigenous population, 95.4% live in alarmingly poverty-stricken conditions.

The 20% of the population with the highest income has consumption rates that are 15 times greater than those of the poorest 20%. The income of the richest 20% outstrips that of the poorest 20% by 41.5%, according to sources at the National Studies Institute of the University of Panama (IDEN).

The lack of equity characterised by unequal distribution of wealth is the result of a variety of factors, among them education levels. In Panama, people with higher education receive an average monthly income 8.8 times higher than that of people with no schooling at all.

Proprietary assets also affect the unequal distribution of income: 55.2% of rural households do not own land for agricultural and/or livestock rearing use and have only usufruct or holding rights. In addition, 36.2% of households in the country do not have title deeds and in rural areas many homes lack running water and electricity. In demographic terms, in rural areas inequalities in levels of consumption and the income gap are almost double those in urban areas.

Employment is another factor that influences the unequal distribution of income: unemployment rates among the poor are double those for non-poor sectors of the population. Unemployment levels in Panama have been alarmingly high since 1983, when 10% of the economically active population were unemployed. At present, 11.6% of the EAP is unemployed (August 1999). According to a household survey in August 1999, employment has increased in the so-called informal sector, which includes 70% of workers who live in conditions of poverty.

In the metropolitan area—the provinces of Colón and Panama—13.0% of the EAP are unemployed. In the rest of the country, relatively fewer people, 7.6% of the EAP, are unemployed. Overall, unemployment has dropped, but much of the new employment generated is precarious, with low or non-existent rates of unionisation and integration into the social security system.

Indigenous affairs will be dealt with by the recently created Council for Indigenous Development, an institution attached to the President's Office. This raises the profile and status of the former Department of Indigenist Policy, which was a section of the Government and Justice Ministry. The proposal is to transform this Council into a Ministry of Indigenous Affairs. While there are good initiatives for this sector of the population, the land problem and non-ratification of ILO Convention No. 169 distance government actions from the true aspirations of the indigenous community.

LIBERTY AND CITIZEN PARTICIPATION

Freedom of expression improved with the abrogation toward the end of 1999 of the so-called '*gagging laws*', which regulated journalism and gave the government powers of censorship. The new President of the Republic, Mireya Moscoso, said that the abrogation of the 'gagging laws' is merely the first step toward doing away with all remaining vestiges of norms that are prejudicial to the freedom of the press and the right to information and that violate Principle 4 of the Chapultepec Declaration.

The new government's legitimisation of the Civil Society Assembly, as external auditor of its Social Agenda, opens up space for participation. This initial step represents a victory for organised civil society, which is full of hope for the coming years.

In 1999, Law No. 4 was passed, instituting Equal Opportunities for Women. This law aims to achieve real equality between men and women, strengthen our nascent democracy and reach the levels of human development that are required to face the challenges presented by the new millennium. The law establishes the government's duty to guarantee at least 30% female participation in posts as ministers, vice-ministers, and directors of autonomous or semi-autonomous state enterprises and other state institutions.

The law originated in mobilisations by the women's movement over the last few years. The movement put forth a particular vision of state and society, it demanded women's rights and freedoms, and it proposed public policy changes included in the Women and Development Plan for Action. The law is an instrument to regulate and establish the Panamanian state's policy on women, based in essence on the principles of *«non-discrimination by sex, equality before the law, equity, protection of human rights, equality of opportunities and treatment, and the condemnation of all forms of violence»*.

While this law and others manifest the fact that agreements between the women's movement and the state are being legitimised in law, effective implementation of the law is not guaranteed *per se*. Even women with post-graduate degrees are paid about half

of what men receive, and female unemployment rates are double those for men.

PERSPECTIVES

Combating poverty will depend on good management by the new government, economic and political stability, the issuing of title deeds to land, modernisation and decentralisation of central administration, on-going human resources training, universal access to health and education, and the assimilation of technology transfer into the country's productive processes. The continued

implementation of anti-poverty programmes by successive governments and fulfilment of the government agenda for good governance, together with the modernisation of the education system, will allow the nation to move toward sustainable development.

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