

# Many Panamanians Say No to Canal Upgrade

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## Correction Appended

[PANAMA](#) — Once the equivalent of a modern, multilane highway, the Panama Canal may be on the verge, say those who run it, of becoming something closer to an old, congested country road.

The increasing number of ships hovering off shore awaiting a chance to cross the isthmus is just one sign of the 92-year-old canal's status as a bottleneck. On top of that, hundreds of modern superships are too wide to squeeze into the canal's aging locks at all.

All this would seem to be evidence of the need to modernize the canal. But a government plan to do that, which Panamanians will vote on in a referendum in October, may be in danger of failing because of a host of considerations that say much about this country's difficult past and challenging present.

The canal means everything to Panamanians, who view it as Saudis might view their oil or Kenyans their wildlife. It is what makes their tiny country stand out on the map and generates a good portion of its outside income.

For so long, though, the canal was controlled by someone else. Taking possession of it from the United States in 1999 was a source of enormous pride for Panama, especially since canal authorities subsequently dispelled fears that the withdrawal of American experts would turn it into a flop.

Nonetheless, many Panamanians intend to vote against the expansion plan, which would construct new three-step locks on either end of the canal. They intend to ignore government cries that doing so could prompt shippers to seek alternate routes and could turn the canal into an outmoded ditch.

“I’ve heard all that, and I’m still voting no,” said Tomás Drohan, who recently retired as chief engineer of the Panama Canal Authority and is a vocal critic of the expansion plan.

Although Mr. Drohan recognizes the need for a bigger canal, he predicts the project will cost considerably more than the \$5.2 billion the government estimates. He also says he is sure that the corruption that pervades the upper reaches of Panamanian society will find its way into this megaproject, which is almost as large as the country’s annual \$6.5 billion budget.

Such concerns about Panama’s decision makers are widespread here, prompting many to question the project, which would begin next year if approved. No one is certain just how strong the “no” movement is, but the outspokenness of the opposition has surprised those in government who had expected Panamanians to back their canal reflexively.

“This is supposedly for us, the next generation,” said Razne Pette, 26, a student leader who opposes the project. “And of course we don’t want it to become out of date. But we know the politicians in this country, and we know they are drooling at the thought of such a big project.”

President Martín Torrijos, whose government is pushing hard for a yes vote, scoffs at the notion that all politicians are corrupt. “It’s like if I said that all men cheat on women,” he told reporters recently. “Some of them do, but not all. Ah!”

Looking back provides part of the reason for the skepticism. Dictators, including Mr. Torrijos’s father, have ruled Panama for a good chunk of its history. And even the arrival of better governance, and a campaign by Mr. Torrijos to clamp down on corruption, has not wiped out the scandals or the doubts that Panamanians have about the country’s wealthy ruling clique.

Although Panama’s economy has benefited significantly from canal spinoffs, like a thriving banking sector, about 40 percent of the population lives in poverty. For them, the canal is a source of pride but one they contend benefits them little.

“You can walk around and see all the big buildings here and think you’re in Geneva,” said Miguel Antonio Bernal, a law professor and advocate who is leading the opposition. “But keep walking, and you’re in Haiti.”

Adding a third lane to the canal, which would speed up traffic, has been talked about in one form or another for decades. The United States even began excavation for such a project as early as the 1930’s, although the advent of World War II ended that expansion.

In the final years of American control of the canal, a joint study by the governments of the United States, Japan and Panama concluded that the canal would reach its maximum capacity in this century and that its banks needed to be widened. But the question of who would finance the effort was put off.

“The case is so compelling for it,” said Robert Pastor, director of the Center for North American Studies at American University.

The latest effort, which would allow some of the world’s largest vessels to navigate the canal with room to spare, is purely Panamanian. The government here hatched it and plans to finance it without the involvement of foreign governments.

The Bush administration has largely remained neutral, portraying the plan as a decision that is up to Panamanians. But during a visit to Panama last fall, before the latest plan was unveiled, President Bush said, “It’s in our nation’s interest that this canal be modernized.”

The plan has won the support of the maritime industry, even though shipping companies would bear much of the cost through increased fees. Bank loans would make up the rest, canal authorities say, pointing out that the canal itself would not be put up for collateral.

The government says the revenue the canal generates, which now exceeds \$1 billion a year, would grow considerably with a new and improved canal. But just where that money would go remains a concern to many Panamanians.

The Torrijos administration has proposed a national dialogue on how best to spend canal revenues, but many remain suspicious that his effort would begin only after the referendum is approved.

“This vote is holding the government’s feet to the fire,” said a Western diplomat monitoring the referendum, who declined to be identified because he did not have his government’s permission to speak on the topic. “It’s healthy to have the Panamanian people have a role in how the canal’s funds will be used.”

Panamanians have used past referendums to voice their discontent. But the effect of a no vote this time around remains a subject of fierce debate. Would it force the government to acknowledge the masses and begin spending canal revenue to improve education and health care, to name just a couple of areas in considerable need?

Or would it send a message to the world that Panama is unstable and that alternate trade routes might be worth exploring?

“This project is not only for the rich,” argued Alberto Alemán Zubieta, the administrator of the canal and the lead advocate of expanding it. “This is for the benefit of this country. This is like our petroleum.”

But after fervently defending the expansion project in an interview, Mr. Alemán turned philosophical and acknowledged that the ongoing debate was healthy.

“What’s beautiful about this is that whatever decision we make is being made by us,” he said. “This is about more than just building a bigger canal. We’re talking about building our country.”

**Correction: Sept. 5, 2006**

*An article on Sunday about a coming referendum on plans to modernize the Panama Canal misstated the reason a Western diplomat was quoted anonymously when he said that Panamanians were skeptical about a promise by the government to involve them in deciding how canal income would be used. He asked for anonymity because he did not have his government’s*

*permission to discuss the issue — not because he did have permission.*