
Interview: Fernando Manfredo

'In twenty years, old canal won't suffice'

Fernando Manfredo, deputy director of the Panama Canal Commission, is the chief Panamanian officer on the U.S.-run commission, who will be overseeing day-to-day operations of the canal until it reverts to Panama in the year 2000. Below are excerpts from an interview with EIR's Carlos Wesley on March 2 which took place in Panama City.

Wesley: There has been much in the press lately about the labor problems caused by the fact that American workers in the canal get a higher pay than Panamanian workers.

Manfredo: In the old Canal Zone, the Panama Canal Company, the U.S. armed forces, and the Canal Zone government paid salaries that were based on the salaries on the continental United States. . . . It was the only case outside of the United States proper where the American government paid salaries that were tied to the prevailing wage scales in the United States.

When the new treaties were negotiated and Panama recovered its jurisdiction, the United States decided that it no longer had the obligation to keep the same wage scale. Therefore, in the treaty itself, workers that were already on the payroll were "grandfathered," but those that were to be hired after Oct. 1, 1979 [when the treaties took effect] had to be tied to a wage scale based on the Panamanian labor market. . . .

The problem was taken up with the board of directors, which at its most recent meeting decided to equalize the salaries for certain levels within the organization, but not because of the fact that there is discrimination—the Panama Canal Commission does not accept that there is discrimination, nor does the United States government. They say that there may be disparities, but no wage discrimination. Those salaries that were upgraded were those where we found that the commission is not competitive in the local market, not attractive enough to keep the quality of worker that we need.

But all the rest of the employees are still pending, that is the majority of new employees. . . .

Wesley: There was a lot of controversy generated because the board had agreed to do away with the double scale, and then later rescinded the decision.

Manfredo: No, you are referring to a previous meeting where

the members were different from the current one. The American members of the board, of which there are five, and who form the majority, could not reach a consensus, which meant that the retention of the dual scale was not going to obtain a majority of the votes. At that point, the president of the board—who is also the representative of the U.S. Secretary of Defense, and the head of the American representation—invoked a provision from U.S. Law 970, which gives him the right to exercise what is called the directed vote, to vote in the name of all.

Wesley: The recent decision to raise tolls was not taken too kindly by many of the nations at the southern end of the hemisphere. They thought that Panama owed them something for the support they gave this country in getting the United States to agree to a new treaty.

Manfredo: The tolls were raised in part to make up for the loss of clients we suffered when many started using the oil pipeline that was built across Panama. The loss of this business, which means a loss of \$50 million to \$55 million a year, meant that a toll increase was inevitable. However, we took into account the fact that maritime trade today is going through rough times, and we also took into account the effect a toll increase would have on the economies of neighboring countries, particularly on Central America. . . . To compensate for our losses, we should have raised tolls by almost 17 percent; instead we only raised them by 9.8 percent; and decided to make up the difference by cutting our costs.

Wesley: What are the long-term perspectives? What does the canal commission foresee will happen between now and the year 2000 in terms of new facilities?

Manfredo: It is difficult to make accurate predictions for such a long period of time. But if transit continues to grow at the current rates—some 14,000 ships are going through the canal each year, and the rate of growth is very low, about 2 to 2.5 percent a year—we could expect that by the year 2005 we will have a completely saturated canal, even if we carry out a plan to improve the canal, which is awaiting a final decision, to widen Culebra Cut and the entrances to the canal. If that program is not carried out, then we would reach the saturation point much earlier, around 1995. It is very important that by that point, when the canal would be virtually in Panamanian hands, that the Republic of Panama should have reached some decisions about whether it wants to continue to participate in handling the growing volume of traffic, and in what way: whether it wants to employ some other transportation techniques such as a sea-level canal, adding a third set of locks to the existing canal, pipelines, a land bridge, or some other means of transport across the isthmus.

Wesley: Are you saying that the canal will be obsolete by the year 2005?

Manfredo: Not obsolete, saturated. Obsolete is when you cannot use it. It will be used to its maximum capacity.