8-29-2008

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Fernando Lugo Assumes Paraguayan Presidency, Ending One-Party Rule

by LADB Staff
Category/Department: Paraguay
Published: 2008-08-29

Fernando Lugo was inaugurated president of Paraguay on Aug. 15, becoming the country's first president in over six decades not to belong to the Asociacion Nacional Republicano (ANR, Partido Colorado). The former Roman Catholic bishop, running with the Alianza Patriotica para el Cambio (APC) coalition, won the April election against the Colorados and other opposition parties by a broad margin (see NotiSur, 2008-04-25). His rise to power marks the end of 61 years of one-party rule in Paraguay, and he has promised to fight the widespread corruption and poverty that marked those years, although fulfilling that promise will be a massive challenge.

Almost shouting to swear that he would uphold the Constitution, the typically mild-mannered Lugo was met with thundering cheers from more than 50,000 Paraguayans crowded around a stage outside Congress in the capital Asuncion.

A pledge to end extreme poverty, corruption

Lugo spoke in Spanish and the indigenous Guarani language, pledging to end the extreme poverty, institutional political corruption, and trade in black-market goods that defined Paraguay under the Colorados, which supported the brutal 1954-1989 dictatorship of Gen. Alfredo Stroessner and had ruled ever since.

From 1947 to 1962, the Partido Colorado was the only legal party in Paraguay. The country was ruled by Stroessner for 35 years, and the party held onto power after he was ousted in a coup. Stroessner died in exile in Brazil in 2006 (see NotiSur, 2006-08-25). "This is a historic day," outgoing President Nicanor Duarte said before removing the red, white, and blue presidential sash from his shoulders. "For the first time, we're witnessing the handover of power from one political party to another in a climate of hope." Asuncion daily La Nacion reported that the multitude gathered outside the inauguration had booed the outgoing and unpopular president, shouting, "Out with Nicanor," and other epithets.

"Today Paraguay breaks with its reputation for corruption, breaks with the few feudal lords of the past," said Lugo, dressed in leather sandals and his trademark white, mandarin-collared shirt to set himself apart from the nation's traditional politicians. The almost casual dress brought to mind Bolivian President Evo Morales, who eschews dark suits in favor of casual wear and indigenous dress. "Today we start a new chapter of Paraguayan history, whose authorities will be relentless against the thieves in their communities," Lugo said.

After the inauguration, he gave warm bear hugs to the continent's three most prominent leftist leaders, Bolivia's Morales, Venezuelan President Hugo Chavez, and Ecuadoran President Rafael Correa. Other presidents present in Asuncion were Argentina's Cristina Fernandez, Chile's Michelle...
Bachelet, and Brazil's Luiz Inacio Lula da Silva. US Commerce Secretary Carlos Gutierrez got a handshake.

While Lugo has warned that he will not accept US meddling, he also said he wants Paraguay to maintain warm relations with Washington. The US has recently expanded its military presence in Paraguay under the Colorado government (see NotiSur, 2005-09-02, 2006-01-20). Itaipu dam renegotiation set for after inauguration Lugo's only inaugural reference to foreign policy was about tensions with Brazil regarding Paraguay's share of proceeds from the Itaipu dam, which straddles their common border.

Lugo has vowed to renegotiate the terms by which Paraguay sells its share of electricity to Brazil (see NotiSur, 2007-06-08). To boost revenue, Lugo says he wants to raise the rates charged to Brazil and Argentina for electricity generated at the Itaipu and Yacyreta dams, which yield Paraguay about US $680 million a year. Treaties signed in the 1970s split ownership of the hydroelectric plants between Paraguay and Brazil in the Itaipu dam and Paraguay and Argentina in the Yacyreta dam. "Our neighboring countries have a historic debt with the Paraguayan people because of this treaty, which was reached in the time of the dictatorship, when there wasn't any democracy in the country," Lugo said on April 22 at a news conference in Asuncion. "We see this as an unjust treaty."

Domestically, Lugo faces pressure to make changes fast to ease the deep divide between Paraguay's rich and poor. But experts generally predict he will seek broad support for reforms, in the style of Lula, Brazil's center-left president who also got a hug. Analysts doubt that he will exercise the somewhat more radical governing style of socialists Morales and Chavez. Chavez promised to help Lugo bring "a profound transformation" to Paraguay. "He'll have difficult times ahead, but we'll support him," Chavez said.

As he has in numerous other Latin American countries, Chavez promised to use Venezuela's large petroleum resources to help bolster Paraguay's development. "All the oil Paraguay needs in this century, Venezuela has, and Venezuela guarantees to supply Paraguay right to the last drop...for the development of Paraguay's people, industry, and agriculture," he said. Venezuela sent 70 million liters of diesel fuel to support Paraguay's incoming president.

State-owned oil company Petroleos Paraguayos (PETROPAR) director Alejandro Takahashi said the fuel was a goodwill gesture from Chavez and would be part of the country's strategic reserves. Paraguay faced shortages of diesel fuel two months ago that damaged agricultural production. The country does not produce oil and consumes 3 million liters of diesel daily. Paraguay will only pay for what it uses of the US$70 million shipment, Takahashi said on Aug. 7. Yet Lugo will probably be more like Lula than Chavez and avoid being dragged into the Chavez camp, claimed Susan Purcell, director of the Center for Hemispheric Policy (CHP) at the University of Miami, in an interview with financial press outlet Bloomberg. "Lula maintained his predecessor's economic model but added more of a social development side to it," she said.

A balancing act
Lugo takes the reins of a US$11 billion economy that is running a budget surplus of 0.5% of GDP. Surging soybean exports will push Paraguay's GDP up 5% this year compared with 7% growth
in 2007, the International Monetary Fund (IMF) forecast. Paraguay's currency, the guarani, has strengthened 7.6% to 3,983 against the US dollar since Lugo's election. "The big challenge for Lugo will be to strike a balance between implementing prudent economic policies and meeting the huge expectations his supporters have for his presidency," said Sebastian Briozzo, an economist with Standard & Poor's in Buenos Aires.

Dionisio Borda, a finance minister under Duarte until 2005, was tapped by Lugo to fill the post again. "Borda had a great tenure as minister," Briozzo said in a phone interview. "His designation is a firm statement that there won't be fiscal imbalances."

In an interview before the election, Borda said the next government will have to boost job creation to stem the flow of 5,000 people a month who leave the country in search of work. Paraguayans received US$700 million in remittances last year, according to the Inter-American Development Bank (IDB). Union group Mesa Coordinadora Sindical said it would meet with Lugo and ask him to increase salaries and to levy a tax on the agricultural sector.

**Lugo denounces violent land takeovers**

Elements of the political left and right already have challenged Lugo's authority, raising the specter of political chaos and civil unrest. Landless peasants who have been seizing private property are threatening a much larger wave of takeovers. On Aug. 14, a Paraguayan farmers group said landless protesters had invaded a northern hacienda, setting up tents and destroying crops to press their demands for terrain.

Asociacion Paraguaya de Sojeros (APS) president Claudia Ruser said that 150 people stormed a Brazilian farmer's land in San Pedro and wrecked some 200 hectares of sunflower crops. Landless groups also invaded two other farms in Guayaipi and Kanindeyu. Incoming Interior Minister Rafael Filizzola said the new government would ask the protesters to abandon their camps but would send police to evict them if necessary.

Lugo denounced "violent" land takeovers, saying the week before his inauguration that he did not support landless peasants who were planning to invade farms in three northern states of the country. "There are no radicalized peasants among my main collaborators, and those who have been encouraging or carrying out farm invasions in the last few days are not justified," Lugo said.

The new administration also suspects the outgoing government tried to undermine his presidency by allowing critical supplies of fuel and medicine to disappear. The Colorados still control most government institutions and will likely frustrate efforts to redistribute land in the small, landlocked country, where an estimated 1% of the people control 77% of the land. Lugo has promised to respect private property in his bid to grant land to the poor but told cheering Paraguayans his administration "will work boldly to obtain better living conditions for the peasants, whether they have land or not." His party has allied with conservative lawmakers for a tenuous majority in Congress, where most lawmakers remain beholden to the wealthy elite.

Transforming Paraguay, Lugo said, "won't be an easy task." But even marginal change would be better than the legacy of Colorado rule for rural Paraguayans, who often go hungry, said Marcelino
Coronel, a 52-year-old Tobaqom Indian who traveled hundreds of kilometers with his family from the destitute Chaco desert region to the inauguration. "I just want him to get rid of the corruption and the inequality so we have a chance at giving my children a future," Coronel said, as his wife nodded in agreement alongside their young son and daughter. "In the Chaco, the government never did anything for us."

Blanca Medina, 26, clutched a Paraguayan flag and almost broke into tears describing how she ekes out a living as a maid on a monthly salary of US$75. Lugo, she said, is the first Paraguayan politician who has ever cared about her needs. "He's totally different from all the others," she said. "He's humble and he listens to the people." Lugo begins his five-year term with a 93% approval rating, according to a poll by First Analisis y Estudios commissioned by Paraguayan newspaper ABC Color.

**Vatican gives Lugo permission to resign**

Lugo, 57, spent 11 years as a bishop ministering to campesinos in Paraguay's farmbelt before entering the political scene three years ago. The presidency is his first elected post. Despite receiving belated and unprecedented permission from Pope Benedict XVI to resign as bishop, the new president promised on Aug. 15, "This layman will remain faithful to his church."

The inaugural address made it clear that Lugo's ideas about justice for the poor come from leftist South American luminaries. He cited prominent Brazilian liberation theologian Leonardo Boff who was silenced by Pope John Paul II and later left the priesthood and former President Salvador Allende (1970-1973), the freely elected Marxist president of Chile toppled in the bloody 1973 coup led by Gen. Augusto Pinochet (1973-1990).

Latin American liberation theologians who Lugo cites as inspirations have often found themselves at odds with the conservative regimes in power at the Vatican. "Today marks the end of an exclusive Paraguay, a secretive Paraguay, a Paraguay famous for corruption," said Lugo, who plans to donate his US$6,000 monthly salary to the poor. "We dream of a Paraguay with social justice, without hunger." The then president-elect received unprecedented permission from the pope to resign as bishop, the papal nuncio said July 30, ending a dispute over Lugo's priestly status.

Church officials earlier insisted that Lugo would always be a bishop under church law. "This is the first case within the church in which a bishop receives a dispensation," Nuncio Orlando Antonini said at a news conference. "Yes, there have been many other priests the pope has left in the status of layman, but never a member of the hierarchy until today." Antonini said, "It's a great pain for the church to lose a bishop, a priest whom we tried to dissuade from the political option up to the last day of his election campaign.

But the Holy Father recognized that he was elected by the majority of the people to lead Paraguay for the next five years." Lugo resigned as bishop of San Pedro in 2004 and said he had resigned from the status of bishop itself in 2006, when he decided to run for president. That alarmed church leaders who said it violated papal rules against priestly involvement in politics. The president of the Conferencia Episcopal Paraguaya (CEP), Ignacio Gogorza, told the newspaper Ultima Hora in 2006 that Lugo might even be excommunicated for his plunge into politics. "A bishop does not stop being a bishop just because he resigns," Gogorza said at the time.
Antonini said the July 30 announcement followed "long analysis" by Vatican experts in canon law. Lugo remains a member of the church and was not excommunicated, unlike former Zambian Archbishop Emmanuel Milingo, who was excommunicated in 2006 after ordaining married men as priests and taking a wife. The nuncio said the decision is final, Lugo "cannot return to his earlier condition as a cleric." Lugo earlier had suggested he would like to be bishop again after serving as president.

Lugo, speaking to journalists outside his offices, thanked Pope Benedict XVI "for a decision that has not been easy to make." He said the pope's letter stating his decision said that he was "thinking of the good of the country, thinking of Paraguay." Antonini said Lugo even "was freed from the vow of chastity, meaning that, like any other layperson, if he wants, he could contract matrimony under civil law." Lugo has not indicated any wish to marry, and his sister Mercedes serves as first lady. Lugo maintains an austere lifestyle, even wearing the sort of sandals he used as a priest, and apparently remains devout.

Lugo's niece, Mirta Maidana, who serves as an aide to the incoming first lady, announced in late July that the president's office would reopen a Catholic chapel at the presidential residence that had been closed under Duarte, a Mennonite. She said the chapel would be open to the public. After he was ordained in 1977, the church sent Lugo to Ecuador. There, working among the poor in the Andes, he said he became a supporter of liberation theology, a strain of Christian thought that emphasizes political activism in benefit of the poor.

In Paraguay, he oversaw clerical work in the Diocese of San Pedro, one of Paraguay's poorest regions. On Aug. 16, he returned to the province where he spent 11 years as bishop, and pledged to raise living standards by eradicating poverty and corruption. Accompanied by Hugo Chavez, Lugo spoke to about 1,000 campesinos gathered in a plaza in San Pedro, the biggest municipality in a neglected province where most eke out a living while rich soy farmers profit from high international commodity prices. "This is where I learned to love the campesino, the indigenous people, and to admire their efforts to excel despite adverse conditions," Lugo said after arriving in the town of 29,000, several hundred miles north of the capital.

Chavez told the crowd that oil-rich Venezuela would finance a fertilizer plant in San Pedro and send the country "all the oil Paraguay needs" to end periodic diesel fuel shortages that could threaten Lugo's ability to govern.

**Lugo replaces military commanders**

Lugo replaced the commanders of the Army, Navy, and Air Force on Aug 22. The dismissals followed his removal of the head of the national police. Correspondents for the BBC said his actions formed part of a campaign promise to reform the country's military and police.

Presidential spokesperson Augusto Dos Santos told the Associated Press that Lugo had signed 30 decrees naming new commanders of the armed forces. Lugo said soldiers would carry out humanitarian tasks for the poor and "never again...be used to repress or harass" people.