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Paraguayan President Fernando Lugo has not been able, at this early stage of his presidency (see NotiSur, 2008-08-29), to even start putting into practice his fundamental campaign promises changing the economic structure and fighting corruption and now he faces criticism from his social base, agricultural business people, and even his political allies.

Lugo, a former Catholic bishop who carried out his pastoral work alongside the landless campesinos in the north of the country and left the active ministry to run for president, took office with two basic ideas: implementing an agrarian reform that would end the historical marginalization of millions of campesinos and indigenous and restructuring the judiciary, recognized as the cornerstone of the corruption embedded in all levels of government.

Campesinos and indigenous people are protesting because there is still no sign of a land-redistribution program. Agriculture producers, mostly Brazilian large landowners known as Brasiguayos are rejecting the proposal (see NotiSur 2009-01-09), which has still not officially been made, to tax soy exports. To show their opposition to the possible tax, they have blocked highways and threatened not to sell their products.

In the political arena, Lugo’s allies from the Partido Revolucionario Liberal Autentico (PLRA) have withheld their support on critical issues, such as judicial reform. Meanwhile, the opposition Asociacion Nacional Republicana (ANR, Partido Colorado), which governed the country for 57 years, including during the 35-year dictatorship of Gen. Alfredo Stroessner (1954-1989), used its majority on the Corte Suprema de Justicia (CSJ) not only to block a candidate close to Lugo from being appointed to the court but also to name three Colorado justices, frequently accused of corruption, to the presidency and two vice presidencies of the court. They declared that the nine CSJ justices cannot be removed, a privilege repudiated by most Paraguayans.

Legislator calls on Lugo to resign

Borrowing a slogan used during the massive social mobilizations of 2001 in Argentina Get rid of them all! (Que se vayan todos!), referring to the old guard political leaders and emboldened by the cheap shots directed at the president from all sides, Colorado Deputy Juan Jose Vazquez even asked Lugo to resign.

"If he is not able to lead the republic, then he should get out and leave the leadership of the country in the hands of his vice president, Federico Franco [an experienced PLRA politician]," said Vazquez, as quoted by the daily ABC Color, the most influential newspaper in the country.

The paper, which is carrying out a relentless campaign against the government, built on Vazquez's words in commenting on the president's failed efforts to renew the CSJ, "Lugo and his cohorts
continually show signs of inexperience and torpidity." In the same story, ABC referred to a still-
unpublished poll in which 33% of respondents say the president has not fulfilled his principal
promises.

The statements of Vazquez and ABC, added to those of opposition Sen. Juan Jose Boveda, president
of the Comision Permanente in Congress (a legislative group that meets during the annual
congressional recess), were made as the social sectors backing Lugo were beginning to show their
displeasure with his failure to implement the promised policies. Although it has no intention of
destabilizing the government, the Federacion Nacional Campesina (FNC) confirmed that it would
mobilize its 30,000 members in the impoverished northern departments to protest the government's
slowness in implementing the agrarian reform program and the plans to generate employment.

As a backdrop to this difficult moment, on Feb. 15, Indigenous Affairs Minister Margarita
Mbywangi, a native Ache, resigned. She said she was leaving the government "because Lugo
hasn't defined himself, no one in the government knows what he wants and he doesn't make vital
decisions on how to organize the native peoples, which need autonomies to become self-realized."
The discontent has spread to the landless campesinos, wrote the Associated Press in a report
datelined Asuncion on the same day as Mbywangi's resignation.

**Armed group makes brief appearance**

On Jan. 2, Paraguayans awoke to the surprising news that a previously unknown group, the Ejercito
del Pueblo Paraguayo (EPP), had burst into a small police post in San Pedro, the department where
Lugo had been bishop and where he became a champion of the campesinos and the dispossessed.
The group had guns, munitions, and uniforms and left leaflets criticizing the president for "not
having fulfilled his promise to carry out an agrarian reform." Not since 1959 has Paraguay seen any
actions by alleged guerrilla commandos.

The EPP has not reappeared, and most analysts agreed that the "guerrillas" were common criminals
who kidnap large landowners and who drew up the list of complaints to confuse authorities and
to be taken for campesinos. In any event, Lugo has not discarded the possibility that it could be
an insurgent group. "These groups did not form yesterday or the day before, the government
has inherited various things, and one was the lack of action on some kidnappings in which those
responsible were clearly identified," he said. "This makes us assume that they gave these groups the
opportunity to organize."

San Pedro was also where, on Feb. 16, thousands of agricultural producers blocked more than 1,000
km of roads to prevent free movement, demanding that the government take steps to end violence.
But the protesters also rejected any future government taxes on soy exports, Paraguay's leading
agriculture product.

The landowners of the Union de Gremios de la Produccion (UGP), the large growers who have
converted the country into the fourth-largest producer of genetically modified (GM) soy, also
protested the insecurity caused by the FNC's warnings that it would resume the practice, begun
when Lugo was their principal supporter, of occupying land to get the attention of the authorities.
Most of the producers are Brasiguayos, between 300,000 and 400,000 Brazilian citizens who bought vast extensions of land, taking advantage of land prices in Paraguay that are noticeably lower than in Brazil. "This mobilization emphasizes the social division that exists in the agricultural regions. If our country is one of the most unequal in Latin America, that inequality is felt more in the countryside, where 1% of the people own 77% of the land," said Tomas Palau, an analyst with the nongovernmental organization (NGO) Investigaciones Sociales. "The protest leaders are landowners who have most of the wealth, who do not want to share their earnings to have a more just distribution of income and who want to impose a soy-dependent agroexport model."

Campesino organizations accuse the Brasiguayos of displacing small campesinos from their lands, of contaminating the environment through the abusive use of toxic chemicals, and of degrading the native forest to use the land for the "irrational planting" of soy. Lugo is counting on money from dam Lugo had counted on getting the resources for the agrarian reform and his plan to create employment from renegotiating the Tratado de Itaipu, the giant hydroelectric dam the largest in the world whose energy output is shared with Brazil.

Under the treaty, Paraguay must sell its neighbor, at a preferential price, all the energy it does not use (it only uses 5% of the half it is entitled to, out of 90 billion kW/h produced). The ratio between what it pays and the market value in Brazil one to three according to Paraguayan negotiators gives Brazil a huge economic profit.

Despite everything, including the promises Lugo has received from Brazilian President Luiz Inacio Lula da Silva, negotiations are stalled. "It is a great paradox. One of the poorest countries in South America must face an economic dispute with Brazil, the fifth most populous country in the world, the 10th most important economy in GDP, and the largest market in Latin America. But Lugo still hopes for a show of understanding and solidarity from his political ally and partner in the Southern Cone Common Market (MERCOSUR)," said Palau.