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## Embattled Paraguayan President Lugo Gets Help from Neighbor Brazil

by LADB Staff

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With his political base out of control and conditioning its support, and with his social-support base more and more critical and demanding that he fulfill his campaign promises, Paraguayan President Fernando Lugo is going through the most difficult time since he assumed office in August 2008. His approval rating has fallen 38 points overall and barely tops 40% among the middle class.

Still, it was surprising when, during the July 14 kickoff of a program to provide attention to indigenous peoples, the president said, "Even if my government only lasts a short time, I will prioritize the problems of the indigenous." That alarming hypothesis that his presidency might "only last a short time" coming just two weeks after a coup toppled the constitutional government of Honduras (see NotiCen, 2009-07-02), worried even Lugo's closest advisors, who had never heard him express such sentiments.

Three days later, in Sao Paulo, explaining why Brazilian President Luiz Inacio Lula da Silva had finally decided to listen to Paraguay's claims and renegotiate the value of energy generated by Itaipu binational hydroelectric plant (see NotiSur, 2000-02-27, 2009-06-19), the Brazilian daily O Estado attributed to an unidentified high-ranking official words that sounded like an epitaph: "Lugo needs external backing; without Brazil's support and understanding, he will not finish his term."

### *Lugo surrounded by inexperience*

While Lugo has had few harmonious days in his eleven months in office, including among his own backers, this difficult phase began in early June. Surrounded by a small group of close friends, mostly people without a political history, without experience, the president is easily influenced by some of his old colleagues from his days as a Catholic bishop.

On June 9, Mario Melanio Medina, bishop of Misiones, a southern department on the border with Argentina, called on the people to mobilize to reject the authority of the Congress and the Corte Suprema de Justicia (CSJ) "because they do not serve the interests of the country," reported opposition daily ABC Color. Lugo liked the idea and seemed to favor holding a popular consultation to ask Paraguayans their opinions about their government but also about the work of those two bodies. "We don't want to indict any branch of government, we just want to listen to those who vote," he said. "It's a healthy democratic exercise."

The opposition defied Lugo, accusing him of hiding an intention to dissolve Congress, and the president had to back down. At about the same time, a poll by consulting firm First Analisis showed that Lugo's August 2008 93% favorable rating had plummeted to 54.4%. ABC Color said that the 38-point loss was because "people want solutions quickly, and the president is not providing them."

The Congress also challenged Lugo and gave new indications of having little regard for presidential opinion. In a clear example, on June 19, it passed a law controlling phytosanitary products for agriculture (Ley de Control de Productos Fitosanitarios de Uso Agrícola), which gave the green light to the use of highly toxic chemicals, such as glyphosate, a demand of soy growers. Two months earlier, Lugo had tried to limit the use of such products by signing Decree 1937, "taking into consideration protection of human health, food, and the environment."

### *No money for promised agrarian reform*

Agrarian reform ranks first among the issues urgently needing solutions, said political analysts consulted by ABC Color, not only because it was Lugo's principal campaign promise but also because Paraguay has a galling inequality in land distribution. Official statistics indicate that 77% of arable land is in the hands of 1% of owners.

Lugo ratified his campaign promise which had also been a demand of his during his days as a pastor alongside the campesinos in the central department of San Pedro but he admitted that his administration lacked the necessary resources. This year, he said, the government would be able to turn over only 40,000 hectares to benefit 20,000 families. Little more than nothing; subsistence plots of barely 2 ha per family group. It was not surprising that the Federación Nacional Campesina (FNC), perhaps Lugo's strongest social support in his run for the presidency, launched a mobilization campaign with roadblocks and a march to the capital, Asunción, to dialogue "face to face with our president."

The opposition took advantage of the situation. But, what was surprising was that, for the first time, rightist media, such as ABC Color and the daily La Nación, became virtual spokespeople for the protest and published the entire FNC document that served as the basis for the dialogue with the government.

"The objective of our mobilization is to achieve a government policy that benefits the majority of the people, based on domestic production, credit, agriculture insurance, land, food, health, and education," said the document. "The central demands of our mobilization are: agrarian reform, forgiveness of small producers' debts, basic-infrastructure provision, and a food subsidy for six months."

The text ended by recalling, "The historic crisis of the campesinos is a direct consequence of the concentration of land in the hands of a few latifundistas who have a reactionary, medieval attitude that is a barrier for any economic-development project and therefore condemns the country to live in a permanent state of backwardness."

The FNC also pointed out that agrarian reform must begin with a massive land distribution to shape "new types of homesteading settlements, with state provision of basic services, inputs, and permanent technical and financial support."

Lugo's old allies left Asunción as they arrived with empty hands and the certainty that the only possible benefit they would see in coming months would be the mini-agrarian reform's 2 ha per family for 20,000 families. The FNC says 280,000 families will have to continue waiting for their own

plots. Renegotiation of Itaipu treaty could bring relief The only possibility of that changing, although it could take a few years, could come from Lula's "understanding" so that Lugo can "finish his term."

The Paraguayan president always counted on the increased income Paraguay could have if Brazil agreed to renegotiate the treaty that set a draconian price for the excess energy from Itaipu. Various press reports indicate the South American giant has accepted some changes that could be implemented gradually, until 2023, when the Tratado de Itaipu expires. The energy from the hydroelectric plant is divided equally between Brazil and Paraguay. Paraguay uses only 5% of its share and is required to sell the excess to Brazil at cost, although Argentina buys huge quantities and pays higher prices.

The Paraguayan government says that the country receives US\$103 million annually for its excess electricity, while Brazil's state-owned Eletrobras collects US\$2 billion annually when it resells the electricity to Sao Paulo industries. Among its demands, Paraguay wanted US\$1.2 billion a year and the right to sell energy directly, without Eletrobras as an intermediary.

### *Agreement on Itaipu compensation*

On July 25, Lula and Lugo announced in Asuncion that they had reached an agreement on raising the compensation to about US\$360 million and allowing Paraguay to sell its energy to Eletrobras and other Brazilian operators. "Paraguay would gain its energy sovereignty, while Brazil would have guaranteed supply, since the prohibition against selling the excess energy to third countries would remain in effect," wrote O Estado.

In addition, Brazil would offer a line of credit. With a touch of irony, the Sao Paulo daily wrote, "With this additional gesture, Lugo could boast of having achieved a diplomatic victory and not simply crumbs and little colored mirrors from Brazilian imperialism." Regardless, some minimal funds could emerge from Brazil to allow Lugo to tackle his electoral commitments. In this critical period, Lugo is watching the self-destruction of the Alianza Patriotica para el Cambio (APC), the coalition of political parties and social movements that brought him to power.

Almost since his inauguration on Aug. 15, 2008, the president has been at odds with his Vice President Federico Franco, who misses no opportunity to express his disagreements with the government's actions. Franco, of the Partido Liberal Radical Autentico (PLRA), has so far not managed to drag along his own party. But, on July 21, when a group of APC senators aligned with senators of the rightist Partido Colorado (PC) to elect the upper house leadership, they achieved what he could not the PLRA's formal withdrawal from the APC. For now, the PLRA will continue supporting the government, but Lugo will not be able to forget that 80% of the votes that elected him president came from the PLRA.

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