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Paraguay's Challenges at Bicentennial

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In May, a polarized society observed Paraguay's Bincentenario, the celebration of 200 years of independence from the Spanish crown. People in the countryside see things very differently from people in the cities. The demands of each group have little similarity with those of the other. The administration is harassed by the opposition, which only opposes without proposing anything as an alternative. And campesino and indigenous social organizations that support the governing Alianza Patriótica Revolucionaria (APR) continue backing President Fernando Lugo but have increased their demands and their protests, criticizing the government for not doing enough to fulfill its campaign promises and correct the enormous, decades-old disparities.

In addition, sectors within the APR that do not have their origins in party democracy, along with the social organizations, are coping with the undeniable ambitions for power expressed by the co-governing Partido Liberal Radical Auténtico (PLRA), the APR's largest legislative group. The next presidential elections will take place in April 2013, but the various opposition groups—which include Vice President Federico Franco (NotiSur, Dec. 17, 2010), a high-ranking PLRA leader—began their campaigns months ago and are trying to force Lugo to say whether he will seek re-election, a possibility not permitted by the Constitution.

Indigenous say little progress on campaign promises

A month before the May 14-15 bicentennial celebrations, the Federación Nacional Campesina (FNC) arrived in Asunción, the capital and seat of government, to describe, as it has done once a year every year for the past 18 years, the dramatic situation of the 270,000 families that make up its membership.

The 5,000 FNC members who traveled hundreds of kilometers on foot to dialogue face to face with the president used as their mobilizing slogan, "The power that marches for the second independence and against the latifundio." Their principal demand is agrarian reform (NotiSur, July 16, 2010), a demand the FNC developed together with Lugo when the president was still a Catholic bishop in San Pedro, a central department with one of the poorest campesino populations in the country. But the FNC's demands also include two other longstanding Lugo promises: to combat the unproductive latifundios (large land holdings) and to carry out agricultural-development projects.

The campesinos again explained to people in the city that they are overwhelmingly cotton growers, an activity in permanent decline because of the boom in soy plantations, the country's principal source of foreign exchange. With 2.6 million hectares of transgenic soy, Paraguay is the fourth-largest soy producer in the world and is ranked seventh in the amount of land devoted to cultivating genetically modified organisms (GMO).

Using a harsh, accusatory tone similar to the one they used toward the opposition, the campesinos criticized the government's economic policy, and FNC head Ofilón Espínola accused Lugo of having "betrayed the campesinos who have always accompanied him."
President presents a country of contradictions

Against this backdrop, and harassed from all sides, Lugo appeared before a crowd at the main Bincentenario event on May 14 to summarize his 33 months in office and list his achievements. In 2010 alone the Paraguayan economy grew almost 14%; but the president showed how Paraguay's extremes combine to in some way define it as a country of paradoxes.

While its GDP is the lowest in the region, Paraguay is at the same time the world's fourth-largest soy producer and eighth-largest beef producer. But productivity is poorly distributed. Several government and private studies confirm that 250,000 campesinos have no land on which to work and live.

Paraguay has the highest per capita electricity output in the world, but because it lacks an industrialization plan and has a low household-consumption rate (the interior of the country and rural areas in particular lack adequate transmission infrastructure), it uses only 4% of the electricity generated by the two huge binational hydroelectric plants: Itaipú, with Brazil, and Yacyretá, with Argentina. In both cases, Paraguay is entitled to half the electricity produced, so it is not surprising that its level of social disparity is among the highest in the region. In his bicentennial speech, Lugo said that about 20% of the population lives in extreme poverty.

Along with this panorama, as the president pointed out, is the existence of a traditional and very powerful social elite—historically tied to agriculture and to illegal activities such as smuggling and drug trafficking—that is unwilling to share even the smallest portion of its income.

The Ministerio de Economía recently proposed imposing a 4% tax on soy exports with the resulting revenues to be used for social programs so necessary in a country with such high poverty rates. Both the press, dominated by the political right, and the parties represented in Congress unanimously rejected the proposal, which they called confiscatory. And they all in the same way accused Economy Minister Dionisio Borda, an academic with a Ph.D. from the University of Massachusetts-Amherst and a master's from the University of Wisconsin-Madison, of being "an extremist." The 4% tax would have been only one-ninth the tax that Argentine soy producers must pay.

Hope for increased revenue from excess electricity?

In this context, the Paraguayan state's greatest resource with which to meet social demands is its share of the two binational dams (NotiSur, Aug. 29, 1991). The situation is complex but is finally on the way to a fair solution. Brazil and Argentina, its partners in the dams, had systematically refused to review the contracts signed in disadvantageous conditions by dictator Gen. Alfredo Stroessner (1954-1985). Regarding the division of energy produced and the possibility of a country selling the portion of its share that it did not use, in both cases the partners, comparatively rich and industrialized, ensured the exclusive purchase at cost of all Paraguay's surplus.

Recently, however, it seems that the situation might be defused. In Brazil, where former President Luiz Inácio Lula da Silva (2003-2010) had stalled since 2008 and left the problem for his successor President Dilma Rousseff, on May 11 the Senate finally approved the fair solution that Lula had promised "my friend Lugo," tripling the amount Brazil will pay to use all the Paraguay's surplus energy (NotiSur, July 31, 2009). Thus, as of next year, Paraguay will receive US$360 million annually rather than the US$120 million that it now receives. However, the price is still unfair. Experts say the final amount should be approximately US$520 million per year.
The agreement with Argentina is also being reformulated (NotiSur, Jan. 16, 1992) and (July 10, 1998). While the government of President Cristina Fernández de Kirchner continues to insist that Paraguay's unused portion of the electricity produced by Yacyretá cannot be sold to a third country, a proposed compromise would allow Asunción to export its surplus from Itaipú to Uruguay, using Yacyretá as a connector bridge.

Of course that requires overcoming a greater obstacle: the proposal that Lula had sent to Congress and that the Brazilian Senate approved on May 11 set the increase that Brazil would pay Paraguay but said nothing about the possibility of exporting Itaipú electricity to other markets. The obstacle, which Lula surprisingly clung to, establishes that until 2026 Paraguay cannot freely use that energy to do business with a third country or even offer it on the Brazilian market.

**What’s to celebrate?**

Amid the celebrations, and despite Lugo's explanations, the indigenous peoples burst onto the scene with their demands during the bicentennial. The Coordinadora Nacional de Organizaciones de Mujeres Trabajadoras Rurales e Indígenas (CONAMUTRI) questioned the official events and asked, "How can we celebrate 200 years of supposed national independence when indigenous peoples are left to their fate, are expelled from their lands by soy monoculture, and lack basic services of light and potable water with which to live in dignity?" CONAMUTRI also referred to gender violence and the criminalization of popular protests.

The Federación por la Autodeterminación de los Pueblos Indígenas (FAPI) was equally adamant in its document, "Propuestas de protocol para un proceso de consulta y consentimiento con los pueblos indígenas de Paraguay," written with the support of the UN Development Programme (UNDP). Like CONAMUTRI, it also resorted to a question: "How can we feel invited to be participants in the bicentennial celebration when Paraguayan society and the highest authorities have not recognized in practice our human condition and do not assume responsibility for the almost irreparable violations of fundamental rights of the indigenous peoples, which are expressed daily in multiple cases that affect communities and entire peoples?"

CONAMUTRI and FAPI enumerated the various forms of violence to which the native peoples are subjected: deforestation of their natural habitat and territorial, cultural, and socioenvironmental plunder.

Statistics shed light on this dramatic reality: 496 communities in the country are demanding their ancestral lands; just 2.5% of the indigenous population has access to potable water and 9.7% to electricity.

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