



Americas Society Website

Uniting opinion leaders
to exchange ideas and create solutions
to the challenges
of the Americas today



Council of the Americas Website

Home > Publications > News of the Americas

Research & Analysis

Americas Quarterly

Exclusive Interviews

Hemispheric Updates

News & Views

News of the Americas

Papers & Reports

Viewpoints Americas

Weekly Roundup

Program Materials

Program Summaries

Speeches

On the Record

Articles & Op-Eds

Congressional Testimony

Congressional Updates

Multimedia

Podcasts

Webcasts

AS/COA News

Announcements

Communication Materials

In the News

Press Releases

Power Switch in Paraguay

Carlos Macias
August 14, 2008

Email
Print
Share



Fernando Lugo is Paraguay's new president, commonly known as "the bishop of the poor." (AP Images)

After more than six decades under the rule of the Colorado Party, Paraguay readies itself for new President Fernando Lugo and his pledges of land reform, renegotiation of the Itaipú Dam contract, and job creation. Lugo, an ex-priest, **won presidential elections in April** as the candidate chosen by the Alianza Patriótica para el Cambio coalition and was endorsed by the Partido Liberal Radical Auténtico. In recent weeks, he gained political traction by appointing a **heterogeneous cabinet**, supporting his claim that he plans to serve as more of a centrist than a leftist. "I

have always said **I am a centrist**, like the hole of a poncho, standing above political parties." Lugo said to *Newsweek* during an interview.

After serving as a Catholic priest for 30 years, Lugo resigned from priesthood last December, when the Vatican issued a **waiver** releasing him from his religious vows. He served his last 10 years in the poor region of San Pedro, where his reputation as "the Bishop of the poor" gave him footing with the landless indigenous population. With a population over 6 million, 35 percent of Paraguayans live below the poverty line. During his electoral campaign, Lugo **promised to fight indigence** through better tax collections, as well as elimination of excessive bureaucracy and child labor.

Despite positive signs for his presidency, the leader faces a number of challenges, with land ownership serving as a pressing issue. According to the *Economist*, **one percent of Paraguay's population owns 77 percent of the land**. The report notes that, even by Latin American standards, such inequality is high. The country is **one of the top four soy exporters in the world**, with production occurring mostly on land owned by Brazilians and providing crucial government revenue. Landless peasants, at a point of desperation, invade some properties to experience violent repercussions. Lugo **declared their occupations illegal** and called on peasant leaders to abide by the law. Before any agrarian reform might be implemented, he argues, a national land survey must be undertaken to determine who owns what. But for a country just **shy of the size of California**, such a daunting task will take at least two years, international loans, and patience from the landless peasants.

The **negotiation** of new prices with Brazil and Argentina over electricity generated by the Itaipú Dam stands as another test for Lugo and his newly appointed Foreign Relations Minister Alejandro Hamed. Under existing contracts, the three countries share the ownership of the dam but Paraguay finds itself **forced to sell its share of electricity below market prices**. On August 1, Lugo met with Brazil's international affairs counselor and **Paraguay's future director for the Itaipú Dam**; the new president presented a memorandum with detailed discussion points to renegotiate the terms of the contract currently set to expire in the year 2023.

But even with these challenges, Lugo comes to power at a time of economic growth in Paraguay. In addition to soy and electricity, remittances stand as a significant contributor to the country's GDP.

Upcoming Programs

- Aug 26 **AQ Buenos Aires Launch: Political and Economic Effects of Immigration in Our Hemisphere Buenos Aires**
- Aug 27 **2008 Latin American Cities Conference: Buenos Aires, Argentina Buenos Aires**
- Sep 4 **2008 Latin American Cities Conference: Lima, Peru Lima**

[Calendar and Registration](#)

Past Programs

- Aug 8 **2008 Latin American Cities Conference: Montevideo, Uruguay Montevideo**
- Aug 6 **2008 Latin American Cities Conference: Santiago, Chile Santiago**
- Aug 5 **Launch: Estado de Derecho, Crecimiento Económico y Prosperidad in Chile Santiago de Chile**

Newsletters

AS/COA provides up-to-date analysis through *News & Views*, the monthly policy e-newsletter, and the Weekly Roundup, a summary of the latest news stories covering the Americas.

[Click here to sign up for these free newsletters.](#)

Americas Quarterly



[Click here for more information](#)

Paraguayans living abroad **sent home** \$700 million in cash in 2007, according to the Inter-American Development Bank (IDB). IDB figures place Paraguay's GDP growth at 6.4 percent last year with signs of strong export growth. Still, *La Nación's* José Cantero argues that even now that the country's financial system operates in the black, the new government **must implement reforms** to meet inflation goals, create more diligent institutional oversight, and improve efficiency.

[Publications](#) | [Programs](#) | [Resources](#) | [Programs](#) | [Working Groups](#) | [Media Guide](#) | [About](#) | [Members](#) | [Home](#) | [Contact Us](#) | [Newsletters](#) | [Join](#) | [Site Map](#) | [Calendar](#) | [AS/COA Online](#)

Send questions and comments for the editor to:
ascoa.online@as-coa.org.

See more in: [Paraguay](#), [Southern Cone & Brazil](#)