

Paraguay: Coup at heart of struggle over Latin America

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Cartoon by Latuff.

The June 22 coup carried out against Paraguayan President Fernando Lugo was an important blow to progressive movements across Latin America.

The struggle against the coup is far from over, but learning the lessons of the coup are important. This requires placing the coup in the context of the turbulent process of change occurring in Latin America

Latin America is in a period of transition. It is characterised, on the one hand, by the decline of United States influence. This is particularly the case with the unravelling of the neoliberal model implanted that was more firmly implanted more firmly in Latin America in the 1980s and 1990s than in any other region of the South.

On the other hand, left and progressive forces have made significant advances, including winning government in some cases.

This has been accompanied by a growing process of political and economic integration of the region.

Rise of the new left

A key factor is the rise of radical governments in Venezuela, Bolivia and Ecuador. With the backing of mass movements, these governments have raised the banner of “21st-century socialism”.

Today, these forces have united in the anti-imperialist Bolivarian Alliance for the Peoples of Our Americas (ALBA).

All of these processes remain in flux and the fate of each is linked to the others. The only certainty is that events in Paraguay have dramatically raised the level of turbulence in the region.

Lugo’s 2008 election in Paraguay did not represent the rise of a socialist to power. But it did mark Paraguay as the seventh country to join what many commentators have dubbed the “pink tide” sweeping through South America.

Starting with Hugo Chavez’s election in Venezuela in 1998, a variety of radical and

moderate left candidates have also been elected in Argentina, Brazil, Bolivia, Ecuador and Uruguay.

The politics of these “pink tide” governments have ranged from radical anti-imperialism to moderate reformism. But each, in their own way, reflected the growing popular mood against US-imposed neoliberalism, and for greater national sovereignty and regional integration.

They also represented, at least, a partial fracture in political systems that benefited US corporate interests based on a extremely limited electoral democracy where the power of the ruling elite was never in question.

The significance of Lugo, a pro-poor former priest, was not his radical discourse or the far-reaching nature of the reforms that were demanded of his administration. Neither factors featured in his election campaign.

It lay in the fact that his election marked the end of 130 years of uninterrupted control of the presidency by direct representatives of Paraguay’s oligarchy.

It is through this oligarchy, maintained in power through a reign of terror, that foreign imperialist powers have maintained their domination over Paraguay.

Independent path

The last time Paraguay was not directly ruled by foreign powers and their local allies was about 200 years ago, shortly after Paraguay gained independence from Spain in 1811.

For the next few decades, Paraguay underwent arguably the most profound democratic revolution of any Latin American country during this post-independence period.

Unlike elsewhere in the region, where local oligarchies ensured formal political independence was accompanied by continued foreign subjugation, Paraguay’s government withdrew from global markets and pursued a policy of internal development.

The government’s program included state control over land, protection of newly developed industries, and using the nation’s wealth to fund education and other social programs.

By the 1860s, Paraguay was the most developed economy in the region. It could boast the lowest poverty and highest education levels of any neighbouring country.

But the price inflicted on Paraguay for choosing this path was devastating.

Imperialist attacks

In 1864, the local oligarchies in Brazil, Argentina and Uruguay, backed by Britain, unleashed the War of the Triple Alliance. It is estimated that 80-90% of the male population was exterminated in the war.

Through a campaign of terror, the triple alliance installed a pliant local oligarchy in power. This allowed Paraguay to re-enter the global market, subjugated to imperialist interests.

For the next 130 years, representatives of the large landowning oligarchy maintained

control over the Paraguayan state. In return for ruling in the interests of foreign powers, the oligarchs were given free reign to use the state to enrich themselves and repress dissent. The most infamous phase was the 35-years-long military dictatorship under Alfredo Stroessner, which began in 1954.

Paraguay's shift from military dictatorship to formal democracy in 1989 did not threaten the ruling elites. Stroessner's Colorado Party held onto power until Lugo's election in 2008.

Rather, the transition to formal democracy was driven by the negative impact on US neoliberal plans of holding on to one of Latin America's longest surviving, and last remaining, dictators.

Neoliberalism

In Paraguay, the rise of neoliberal policies had four important consequences.

The first was the violent uprooting of Paraguay's mostly rural population to make way for large multinational corporations, who sought to turn the country into one big soy plantation.

The second was Paraguay's conversion into an energy exporter through the creation of the two largest hydroelectric dams in the world. Most of the electricity supplies Argentine and Brazilian-based industries.

The third impact of neoliberalism was the creation of a tiny sector of super-exploitative *maquiladoras* (free trade manufacturing zones).

The fourth structural change was the emergence of large belts of impoverished urban communities. It was made up of those pushed off their land, whose numbers greatly surpassed that of the tiny amount of jobs offered in the maquiladoras.

Many chose to emigrate and send back remittances, which became the main source of income for 10-15% of Paraguayan families.

It was precisely from these sectors poor farmers and impoverished urban sectors that opposition to neoliberalism and corruption emerged.

However, Paraguay never experienced the same level of class struggle as many other South American countries, where social movements succeeded in overthrowing presidents.

Meanwhile, left-wing parties remained fragmented and largely irrelevant.

Within this vacuum emerged Lugo, a moderately progressive priest who maintained links with *campesino* (peasant) groups.

As an outsider candidate for the 2008 elections, Lugo presented these sectors with an opportunity to break the decades' long rule of the Colorado Party.

However, to win, Lugo had to rely on an alliance with the other main traditional party, the Liberals.

In return for supporting Lugo, the Liberals were given the right to chose his vice-presidential candidate: Francisco Franco, the man who now been installed as president in the coup.

The fragmentation of left forces, which contesting the election with 11 separate lists, and the important clientelist networks that the Liberals had built up, ensured their candidates made up the overwhelming bulk of Lugo's parliamentary bench.

The limitations this imposed were immediately obvious after his victory. The Liberals spearheaded by Franco moving to oppose any progressive policy pursued by Lugo.

Ultimately, their votes were crucial in Lugo's final downfall.

Re-establishing complete control

By removing Lugo, Paraguay's oligarchy has re-established complete control over all branches of the Paraguayan state. It has set about reversing the small gains made under Lugo.

Within a week of Lugo falling, US oil company Crescent Global Oil — whose oil exploration contract had been terminated by the Lugo government — had met with Franco. After the meeting, it announced plans to invest US\$10 million within 60 days to begin oil exploration in the Chaco region.

Another transnational that has benefited from the illegitimate coup is Rio Tinto Alcan (RTA), a Canadian-based division of the British-Australian mining company, Rio Tinto.

Several Liberal ministers in Lugo's cabinet had been supportive of RTA's bid to establish an aluminium plant in Paraguay in return for receiving cheap electricity from Paraguay's huge hydroelectric dams (the main cost in producing aluminium).

The deal, however, was opposed by Lugo and his vice-minister for mines and energy.

With both gone, and an RTA lobbyist appointed vice-minister of industry, the Franco government is moving full steam ahead to sign an agreement that would provide RTA with electricity at a subsidised rate.

Transnational soy companies will also benefit via the approval of certain transgenic products which had been blocked by members of Lugo's government.

It is true that none of these moves amounted to a radical transformation of Paraguay's economy. In many cases, business continued as usual for foreign and local capitalist interests.

But Lugo's election was much less a result of the rise of a powerful left as it was a sign of the beginning of the demise of the political status quo that for so long had benefitted US imperialism and its local allies. It was also a further impetus to the broader process of regional integration in South America.

It reflected the start of a process of transition in Paraguay, one which would inevitably be turbulent given the interests affected and whose ultimate fate would be determined by class struggle.

Lugo constantly vacillated and sought to conciliate with the old elites. But the left in his government were able to use the spaces won in the state to carry out progressive policies and bring the left out of obscurity.

From its position in the state, the left was responsible for placing hurdles in the path of multinationals. They spearheaded other popular measures, such as the introduction of a free public health system, the renegotiation of a better deal for Paraguay regarding revenue received by the state for the two hydroelectric dams and a variety of social programs.

Although the Lugo government did not initiate a radical agrarian reform program, the simple fact it carried out a census of land ownership exposed the extreme inequality in Paraguay. It was a move tantamount to “communism” for large-landowners accustomed to protecting their land at gunpoint.

For Paraguay’s poor, it represented the possibility that someone other than the local oligarchy could run the country — and push their interests.

All these elements contributed to converting Paraguay’s marginalised left into a real force in politics.

To ignore this and only focus on Lugo’s failures is to miss the point. Today, the left and Paraguay’s poor majority are in a stronger position than before Lugo’s election, in part due to their presence in the state.

Unfortunately, the lack of a mass political force uniting the left inside and outside the state, capable of stopping the coup, has led to a new turning point in the turbulent transition process in Paraguay and Latin America as whole.

A new turning point

The first important feature of this new period in Paraguay is the emergence of the Front for the Defence of Democracy, a broad coalition of left parties and social movements that is fighting the illegitimate government in the streets.

Whether they will be able to reverse the coup remains to be seen.

Many on the left see the possibility of creating a new political force out of this movement that can fight in the streets and at the next elections. However, this time the fight could be with a clear political program, and with the benefits of learning from Lugo’s errors.

Ultimately though, the future course of this development will be determined by the Paraguayan masses. Solidarity activists should follow these developments closely, learning from the unfolding process and offering any solidarity we can.

The main solidarity we can offer though is to alert the world to another, extremely dangerous development in Latin America after the successful 2009 US-backed coup in Honduras which should be of grave concern to all.

[Read more articles by [Federico Fuentes](#). With Michael Fox and Roger Burbach, Fuentes is the co-author of the forthcoming book *Latin America Turbulent Transitions: The Future of Twenty-First Century Socialism*. It will be released in January next year by Zed Books. He also co-authored with Marta Harnecker a book in Spanish on the Paraguayan Left, focusing on the Movement Towards Socialism Party (P-MAS).]

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