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PARAGUAY IN THE 1970s: CONTINUITY AND CHANGE IN THE POLITICAL PROCESS*

PREFACE

Paraguay has long suffered from academic, as well as geographical, isolation. Few studies have been published of President Stroessner's political longevity, either by his admirers or by his critics. On the contrary, Stroessner's regime has been lumped together with Duvalier Jr.'s rule in Haiti (and formerly with Somoza's in Nicaragua) as examples of 'neo-caudillismo' or 'personalist dictatorships' that are dismissed as uninteresting relics of the 19th century. However, even a cursory glance at the background to the Stronista regime reveals important differences from his Central American and historical counterparts. Much of the misunderstanding that surrounds Stroessner's Paraguay stems from a dearth of information about the nature of the Paraguayan political process, which at the same time makes serious analysis speculative and tentative.

Since the early 1970s, Paraguay's rapidly increasing insertion into the world economy and the possibility of bonanza benefits from Itaipú have started to have a profound impact on a previously more static socio-economic structure. This is not to deny that the apparent quietude before the 1970s masked important variations in the social forces that have supported Stroessner since 1954, but it was in the 1970s that a more complex social and political organisation started to emerge. The lack of historical distance from this period makes definitive statements hazardous, but at the very least it is possible to see rivalries within dominant social groups, which have proved to be of considerable political significance in the fall of other 'personalists'.

The two main aims of this paper are 1) to give the essential historical background to the 1970s by focusing on Stroessner's emergence in 1954 and the consolidation of his position in the late 1950s and 1960s, and 2) to examine the major political developments of the 1970s, with special emphasis on the political and socio-economic impact of the economic boom which may or may not eventually bring changes in the dictatorship.

One of the central themes is that Stroessner has shown the same capacity in the 1970s to adapt to the changing internal and international conditions as he showed in the period 1954-70. Despite the scale of the economic changes, despite the various internal and

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external threats to his rule, and despite the social changes brought on by the introduction of capitalist forms of production, the Stroessner regime was no weaker at the start of the 1980s than at the start of the 1970s. Thus, there has not been as yet an 'inevitable' clash between a new stage of capitalist development and a personalised system of government. This view is corroborated by Stroessner's recent success in the Presidential elections of February 1983 as the official candidate of the Colorado party. His seventh consecutive term of office is scheduled to last until 1988, by which time Stroessner will have been in power for a remarkable 34 years.

THE HISTORICAL BACKGROUND

1936-40: The Febreristas and their political impact

The demobilisation of the army after Paraguay's victory in the Chaco War (1932-35)[1] led to a group of army officers under the leadership of Colonel Rafael Franco, a popular hero of the war, seizing state power. The so-called 'Febreristas' (named after the date of the coup - 17 February 1936) combined in a multi-party alliance against the Liberal Presidency of Eusebio Ayala. They shared similarities with 'populist' movements in other Latin American countries at least in their political demands; a radical agrarian reform (which in one year was reported to have expropriated 200,000 hectares and distributed land to 10,000 families),[2] a modest labour code (which included an 8-hour day for workers, the creation of a Departamento Nacional de Trabajo, and the formation of some 70 unions), and some modest industrialisation. However, they were clearly not a product of increasing urbanisation and industrialisation, but of a rapid demobilisation of 100,000 ex-combatants in Asunción, a political phenomenon that has certain parallels in post-war Bolivia with the 'military-socialist' regimes of Colonels Toro and Busch from 1936-39.

The weakness of the Febrerista attempt at radical reform was due both to the divisions within Franco's coalition and to the structural debility of the working class, the bourgeoisie and the campesinos, which was largely a result of Paraguay's limited ability to implement any industrialisation. Those companies who employed wage-labour for the processing of tannin, yerba and cotton were essentially foreign-owned 'enclave' industries, situated in the more remote rural areas of the country. The small size of the Paraguayan economy and its geographical remoteness meant obvious constraints on the growth of anything but minor industrialisation in the area around Asunción, which prevented the rise of 'new social forces' that could have given political support to the Febreristas. Instead, the ex-combatants, who were mostly campesinos, were soon integrated back into rural life. Within two years of coming to power, many of the original members of Franco's government, including fascists, socialists and even Colorados, had withdrawn their support, leaving Franco to rely solely on the Liga Nacional Independiente.[3] By August 1937, the crisis for the traditional parties and the oligarchy whose interests they represented was resolved by the coup led by Colonel Ramón Paredes, in an alliance between those sectors of the military not touched by the Febreristas, and the new leaders of the Liberal Party, closely tied to the interests of the Paraguayan land-owning oligarchy and Anglo-Argentine capital.

The importance of the Febrerista period lies in (i) the need for the threatened oligarchy to reconsolidate itself by engaging in a political project of moderate reform (especially in the rural areas), designed both to reduce the likelihood of a return to power by the Febreristas, and to keep intact its own political and economic power,[4] and (ii) the re-emergence of the conservative sectors of the military in an agreement with the 'new Liberals'.

The military had always enjoyed a strong presence in Paraguayan politics, especially in the Liberal period from 1904 to 1921. However, after 1937, although the Liberals were nominally back in power under the Constitutional leader, Felix Paiva, the 'oligarchic' military officers were using the Liberal Party as a political front, and did not allow the pre-Febrerista Liberals to retain any influence. That the military were the real source of power is confirmed by the nomination of Marshal J. Felix Estigarríbia for the Presidency in 1939, whose candidacy was forced on the Liberals. In February 1940, Estigarríbia started a process of reducing even further the power of the Liberals by dissolving Congress and replacing the Constitution of 1870 with the new Constitution of 1940, based on the Estado Novo in Brazil, under the influence of a group of intellectuals named the tiempistas, who had clear fascist sympathies.

1940-1947

The death of Estigarríbia in an air crash in 1940 marked a further reduction in the Liberal Party's contribution to their alliance with the military. Estigarríbia's successor, General Morínigo, fashioned a more open form of military rule in a fascist-influenced government that sought to reduce the power of the traditional political parties both by decree and repression, and to rely almost exclusively on the support of the armed forces. He succeeded in undercutting some of the support of the Liberals in the countryside by closing down the Departamento de Tierras y Colonización, which had been operating as a key point of contact between the campesinos and the party.[5] In 1945, the defeat of the Axis forces was one of the factors behind Morínigo's eventual demise, as pressures for democratisation increased from 'institutionalist' military officers, the new international climate and the reappearance of the more popular movement in the universities and unions. By 1946 Morínigo had been forced to accept a Colorado-Febrerista coalition government. The sudden rise in political activity unleashed by the new political freedom saw the Febreristas splitting with the Colorados and joining the Liberal party and the Communist party against the Morínigo-supported Colorado party. The defeat of this alliance in the ensuing civil war of 1947 marked the political supremacy of the Colorado party over the Liberal faction of the oligarchy, a supremacy that has endured to the present, and is central to an understanding of the political longevity of Stroessner.

1947-1954

The continuing political instability of the years following the civil war reflected the internal struggles of various factions within the Colorado party and the military. Initially the Colorado conflict centred fundamentally on the figure of Natalacio González and his attempts to gain control of the Colorado party. González's power base was the fearful Guión Rojo which had been formed in the mid-1940s in order to reduce the hold of the Febrerista and Communist parties on the labour unions by a programme of straight intimidation. In September 1949 Federico Chaves took over as head of the Colorados and also as the constitutional President.

Chaves represented the democratico faction, labelled thus not because of any attempt to reduce the power of the oligarchy, but because of their opposition to the various Guionista factions. However, this democratico faction at first included a group of reformist Colorados, named Epifanistas after the then head of the Central Bank, Epifanio Méndez Fleitas, who showed definite anti-oligarchic, anti-imperialist and pro-Peronist sympathies. After the removal of Natalacio González in 1949, the struggle within the Colorado party increasingly focused on the Epifanista-democratico division, as by the time of the coup in 1954 most of the Guionista factions were in exile.

The division can probably be approximated to two basic tendencies, the first more tied to traditional latifundista-ganadero support, and the second that can be classified as 'populist-reformist' because of its basic support for one sector of the campesinos, namely the minifundistas and other small landholders, whose economic position was rapidly deteriorating.[6] The supposition that this was the most important divide within the Colorado party is supported by the increasing importance of the cattle-breeders in the economy since 1950.[7] The more reformist sectors of the party had been promoting a policy of supporting the state meat-trading corporation, COPACAR, whose monopoly over the market was seriously undermining the economic power of the ganaderos and the two foreign-owned meat-processing plants by the protection offered to smaller producers. From 1952 onwards, the Asociación Rural del Paraguay, which had been founded in 1938 to defend the interests of the ganaderos and foreign companies against the threat of the Febreristas' reform, had been applying pressure on the government to increase the price of meat on the internal market. In June 1953 Chaves succumbed to the pressure from the breeders to lift the state subsidy on meat prices, a decision which heightened the rift between the reformist and democratic sectors and led to the sacking of Epifanio Méndez and three of his most important supporters.

Stroessner's consolidation

The central elements of the political situation which Stroessner inherited were not only (i) the predominance of the Colorado party after their victory in the Civil War of 1947 over its traditional rivals, and (ii) an increasing conflict within the Colorado party between the oligarchic and anti-oligarchic elements, but also (iii) the continued political instability inimical to the United States and certain sectors of the oligarchy. There can be little doubt that the political stability that Stroessner represented emerged as a solution acceptable to the U.S., as continued internal chaos could have led to the dominance of the faction within the Colorado party that had definite sympathies with Perón. In the early 1940s the U.S. government had given aid to the Morínigo government to offset Argentine influence. In the early 1950s the U.S. is known to have been equally concerned with possible spread of pro-Peronist governments to Argentina's neighbours. A few months after Stroessner's coup, governmental and private aid from the U.S. began to increase.[8] In June 1954, after securing the nomination of the Colorado party for the upcoming elections, Stroessner travelled to Lima to meet with members of the North American Strategic Command in the Caribbean, and then in August of the same year held a second meeting in Paraguay.

However, it was by no means certain that Stroessner would be able to consolidate himself against the traditional parties, disaffected Colorados and the more popular movement that centred on the student movement and the Paraguayan Communist party. At the time of the coup, the democraticos and the Epifanistas within the Colorado party both imagined that they could use Stroessner against the other group. However, in a complex series of adroit machinations, Stroessner was able to use the various factions within the party and the army to isolate key rivals, most importantly Epifanio Méndez Fleitas, who had supported Stroessner in the coup against Chaves but was still trying to forge a powerful coalition of labour unions, populist army officers and nationalist intellectuals as a personal power base.[9]

The real defeat for both an incipient trade union movement and the more popular sectors of the Colorado party came in the crushing of the General Strike in August 1958, that stemmed from the drastic effect of the IMF stabilisation plan of 1956-57. When members of Congress expressed concern over the levels of brutality used by the police and armed elements of the Colorado party in squashing the rising level of violence, Stroessner dissolved Congress, sent the army into Asunción, and exiled 400 members of the more reformist elements of the Colorado party (where they formed MOPOCO under the leadership of Epifanio Méndez Fleitas).

The years after the suppression of the General Strike and the exile of MOPOCO are central to an understanding of the fusion of Colorado and military support that Stroessner continues to represent. Pressure applied by sectors of the military to reject Colorado support had been resisted by Stroessner in 1955, 1958 and 1959, as it must have been very apparent that a personalist with a ready-packaged propaganda and electoral machine had a greater chance of survival than one that depended on force alone. At the same time, because of Stroessner's position as head of the military, he was able to suppress the Colorado party at the very moment he lost control of it in 1958-59. The use of Stroessner's twin institutional supports, the Colorado party as a publicity agent and the military as an instrument of oppression, remains one of the crucial factors behind the longevity of the Stronista regime.[10] By 1966, with the fall of Stroessner's main personalist rival Ynsfrán, large sections of the Colorado party had been turned into a system of clientelism that was more of an identification with Stroessner than with the party. The whole structure had been reorganised along lines of verticilidad that ensured an efficient, cohesive and obedient organisation, sufficiently free from the old factionalism.[11]

The 1960s also witnessed the beginning of a general process in which the latifundista class and those sectors of the military and Colorado party personally loyal to Stroessner ('neo-Colorados') began to show a joint interest in the bringing of capitalism to the rural areas. The military for the first time increasingly became an economic force by buying up newly available land, especially in the Eastern Border Regions (EBR), where large expanses of the old latifundia were sold off to a newly emerging agrarian bourgeoisie, made up especially of top Generals.

The government's colonisation scheme throughout the 1960s in the EBR was an essential part of this process. Since the early 1950s, state measures had been taken to reduce the pressure on the over-populated areas of the Central Region by transferring squatters and poor farmers to the EBR as part of an extensive colonisation programme. The agrarian census of 1956 showed that 83% of the population owned 4.2% of the land, while 4.9% of the population owned as much as 92.7%, a pattern of land distribution that was particularly acute in the Central Region with the co-existence of extensive cattle-rearing alongside small squatters and minifundistas. Historically, the pressure on the land in this region had been eased by the mass emigration of Paraguayans to the metropolises of Buenos Aires and São Paulo (as well as other paths of migration).[12] One estimate is that by 1974 as many as 680,000 migrants (or 28% of the present Paraguayan population) had left Paraguay.[13]

In 1963, with the encouragement of the Alliance for Progress, the Instituto de Bienestar Rural (IBR) was established by law no. 852 to increase the number of peasants being affected by the colonisation programme. According to official figures, 38,000 lots of an average of 20 hectares were distributed in the period 1956-68. For the longer period 1956-77, it is thought that as many as 100,000 new properties with an area of 4 million hectares were created in the EBR. Even if some account is taken of the fact that the figures are official, perhaps as much as one fifth of the rural population have been affected by the colonisation scheme since 1956.[14]

In the execution of the colonisation programme, the state agency, IBR, was in an exceptionally favourable position, because of (i) the availability of land in the EBR which had belonged to the state since the 1880s, and (ii) the fact that the government encountered no political resistance from the old yerba and tannin latifundia in the EBR. In the period 1960-76 as many as 45 latifundia with an area of 4.3 million hectares were affected in Concepción, Caaguazú, Alto Paraná, San Pedro, Itapúa and Amambay.[15]

lack of resistance from the major latifundia in the EBR was almost entirely due to the decline in the yerba and wood production which had lost its profitability since the 1940s. Until the mid-1960s the three major companies that owned a large portion of the EBR were 1) La Industrial Paraguaya, an Anglo-Argentine company dealing mainly in yerba and logging, 2) the Barthe family, dealing in yerba, and 3) La Matte Larangeira (a Brazilian-based yerba company) who sold most of their land to the Lunardelli family in the 1950s. In the period 1967-77 La Industrial Paraguaya sold off 1 million hectares, the heirs of the Barthe estate more than 250,000 hectares and the Lunardelli family 400,000 hectares, mostly to Brazilian land companies.[16] At the same time, the IBR sold other areas of the EBR to leading officials in the military and the Colorado party at prices well below the market value, parts of which have been sold off in the 1970s to Brazilian land companies based in São Paulo, at prices highly inflated because of the increase in agribusiness and other projects linked to the construction of Itaipú in the EBR.[17]

The colonisation programme had the political effect of satisfying the land problem for a significant number of minifundistas, and therefore of easing the population pressures in

the Central Region that could have resulted in significant political mobilisation. The reproduction of the minifundista conditions in the EBR through the extension of the agricultural frontier allowed the Colorado party to refurnish its image of the campesinista, which helped to increase its sources of support at times of elections. The fact that in reality most of the peasants affected by the colonisation programme did not substantially improve their economic position, basically through lack of credit or back-up facilities, was not so important politically.[18] Equally significantly, the disintegration of the latifundia in the EBR, the extension of the agricultural frontier, the availability of the minifundistas as a cheap source of labour as a result of the colonisation scheme and the general improvement in the accessibility of the area through the improved infrastructure, were four of the main conditions for the introduction of the various forms of capital in the EBR. Indeed, this is one of the central features of the 1960s, that the Stronista regime throughout the decade had created the political and economic conditions for the high growth trajectory of the 1970s, which depended to a great extent on the bringing of capitalism to large areas of the Paraguayan countryside.

The formation of the IBR was part of the boom in state projects that stemmed from the increase in the amount of aid that flowed from the United States, as a result of the 'process of democratisation' initiated in 1963 in response to the demands of the Alliance for Progress (although levels of economic assistance had always been high; from 1954-60, the figure was 25 million dollars, 1961-63, 37 million, and for 1964 alone, 26 million). This external source of aid not only allowed the co-option of large numbers of peasants into the political project of the Colorado party, but also created an over-inflated state sector, which increased enormously the state's role as an employer. From 1967 to 1971 foreign loans to the public sector totalled 128.7 million dollars, while to the private sector the figure was only 9.9 million. The physical and economic integration of the country was matched by the creation of new public institutions and companies politically tied to the Colorado party, which by 1972 employed as many as 12% of the economically active population of Asunción (40,000 employees).[19] The creation of such 'state companies' had the important political effect of maintaining the loyalty of senior military, Colorado and police officials, as many of them controlled what were in effect state monopolies in most major commercial areas, which provided a front for extremely lucrative contraband operations. The division of the smuggling operations and whole sectors of the economy between military officers is well documented, and points to the key factor behind the military's loyalty to Stroessner.[20] This contraband was and is, as Stroessner himself has candidly remarked, 'the price of peace'.

At the same time, many members of the small Paraguayan middle classes joined the Colorado party to get access to jobs, as all public employees including the judiciary, officers in the army and most professional classes had to be fully paid-up members of the Colorado party. For such a small and underdeveloped country as Paraguay, once such control of the state was engineered, the opportunities for patronage became the most important source of political support, as the party could function as a mutual aid society and channel for social mobility, and eclipse the Liberal party by having the edge in patronage opportunities.

The problem of presenting a democratic façade to ensure the flow of funds from the United States was solved by the decision of one sector of the Liberal party under the Ruffinelli brothers to take part in the elections of 1963 (there were rumours that they had been paid by Stroessner).[21] In 1968 the decision of the Partido Liberal Radical (that broke from the Ruffinelli-controlled Partido Liberal in 1963 over the latter's complicity) and the Febreristas to take part in the Presidential elections of that year eased Stroessner's problem of continuismo. Both parties had been granted legal recognition for the municipal elections of 1966, on the condition that they accepted constitutional reforms that allowed Stroessner to be re-elected and guaranteed legal opposition to one third of the seats in Parliament, whatever their vote in the elections.

The 1960s also witnessed a progressive weakening of the left after the crushing of the Paraguayan Communist Party in 1958, which until the defeat of the General Strike had worked to create some base in the CTP (Confederación de trabajadores paraguayos).[22] After 1958, the leaders of the CTP were replaced by top Colorado officials loyal to Stroessner, and from that moment the CTP (which now represents 90% of the work force) has remained incorporated by the Colorado party. Stroessner is annually declared their 'number one worker'. The umbrella organisation FULNA (made up of sections of the Communist, Liberal, Colorado and Febrerista parties) had surfaced in 1959-61 as a result of the success of the Cuban revolution, and the closing of the 'democratic path' in 1959. The organisation was wiped out by efficient army operations, supported by armed Colorado peasant militia. In similar fashion, Communist party guerrillas which had continued to operate in the eastern region of Paraguay from 1960-65 were finally destroyed by a combination of infiltration, the separation of the military and political arms, large amounts of U.S. counter-insurgency aid and the naked power of the army.[23]

In summary, the most important factors for an understanding of the background to the 1970s are 1) Stroessner's reliance on the support of the Colorado party and the military. The participation of the latter in low and high level contraband operations, in addition to a huge defence budget and very generous tax allowances, ensured their political fidelity. Any modernising or 'breakthrough' elements within the military had been defeated in 1937 with the overthrow of the Febreristas, and subsequently repressed. High Colorado and military officials also began to have a combined economic and political stake in the bringing of capitalism to the rural areas. 2) The pervasiveness of the Colorado party, which could count on multi-class support - sectors of the peasantry, the trade unions, the middle classes, the industrialists and the old latifundistas - and its manipulation into more of a personalist party machine, with its many factions united and arbitrated by Stroessner. 3) The crucial support of sectors of the legal opposition to ensure electoral continuismo. 4) The high level of U.S. aid because of the successful achievement of a democratic façade. 5) The creation of the right economic and political conditions for the economic boom of the 1970s.

General Stroessner won the February 1983 Presidential 'elections' with a reported 90.8% of the vote. Even if there had been no fraud, no political repression and no restrictions on opposition parties, most commentators are agreed that Stroessner would have emerged triumphant. His reselection for his seventh consecutive term of office, which will mean 34 years of continuous rule if completed in 1988, would suggest that little has changed to undermine Stroessner's position.

Stroessner's political base still consists of the twin institutional supports of the military and the Colorado party. Despite constant rumours of 'deep divisions' especially within the Colorado party, as more 'nationalist' or 'populist' sectors of the party voice their discontent with more 'opportunist' sectors of the party, there are few signs that this discontent is more widespread. Stroessner's position as a unifier of the various factions is the essential factor behind the continued political cohesion of the party. Without him, the Colorado party would undoubtedly suffer more serious divisions.

However, the sheer scale of the economic changes in the 1970s has led to important new developments in the political process, and may lead to significant changes in the long term. The accelerated economic growth, the 'Brazilianisation' of the Paraguayan economy and the construction of the Itaipú dam have created new political 'issues' and areas of conflict. These economic developments have combined with changes within the Paraguayan church, in the position of the United States and in the strategy and make-up of the illegal and legal opposition to make the Paraguayan political process at the very least more complex.

The economic boom

The 1970s marked the beginning of what many authors see as the most important stage in the economic history and long-term political development of Paraguay. Throughout the 1960s large inflows of aid under the Alliance for Progress had failed to achieve the required increase in productivity in the agrarian sector, and had not stimulated much industrialisation as the share of the industrial sector in GDP remained constant at 13%.[24] However, in the 1970s a combination of a massive increase in foreign capital inflows especially in the agribusiness sectors, and the signing of the two huge hydro-electric projects with Brazil and Argentina enabled Paraguay to achieve figures for its economic growth that are comparable with Brazil's own 'economic miracle' of the years 1968-74.[25] For the latter part of the 1970s Paraguay recorded the highest growth of any Latin American country (except for Nicaragua, which was recovering from the ravages of the popular war against Somoza).

As can be seen from the bottom half of Table 1, the two main sectors that were responsible for such growth were (i) increased exports of certain agricultural crops in world demand and (ii) civil engineering, which enjoyed the boom in construction surrounding the building of Itaipú.

Table 1

	1963-72	1973	1974	1975	1976	1977	1978	1979	1980	1981
Rate of growth of GDP (%)	4.8	7.8	8.3	5.0	7.5	11.8	10.3	10.7	11.4	8.5
Rate of growth of GDP p.c. at 1972 prices (%)	-	4.9	5.3	2.1	4.5	8.6	7.1	7.1	7.9	5.2
Sectoral growth:										
Agriculture	-	-	-	3.9	4.9	9.4	6.4	9.2	10.6	9.0
Construction	-	-	-	21.2	17.6	31.7	32.0	-	-	-

Sources: Paraguay Económico and Inter-American Development Bank.

Agricultural production took off in the 1970s largely as a result of the increase in capital inflows from abroad. Although in the 1960s the Paraguayan government had attempted to attract foreign investment by offering the incentives of liberal repatriation of profits, a stable government and currency, and a cheap labour force, with some notable exceptions[26] the volume of foreign capital penetration generally remained low (because of geographical isolation, poor communications and a tiny market). However, (i) the ready availability of international credit on a large scale in the 1970s, (ii) the rise in investment opportunities in the Eastern region of Paraguay because of the improved infrastructure, and (iii) the two large hydro-electric projects, together accounted for huge amounts of capital inflows from both world and private banks, and foreign companies attracted by Paraguay's extremely liberal tax laws.[27]

The largest share of the private investments was undertaken by multinational agribusiness concerns in agricultural production and processing. 60% of this was directed towards the four departments of Paraguay's Eastern region (Itapuá, Alto Paraná, Amambay and Canendiyu), the main area for the dynamic growth in cash crops.[28] Most of the investment went into the production of grains and oil seeds, and the processing of wood, cotton and soya beans for export. Changing world demand and prices for cotton, soya and meat products, certain actions taken by the Stroessner government and the opening of the agricultural frontier in the EBR through improved infrastructure enabled Paraguay to boost its agricultural production and exports. Soya production increased from 40,000 tons in 1970 to an estimated 900,000 tons in 1981, while cotton production increased from 17,000 tons to 330,000 tons in the same period. The increase in agricultural exports compensated for the decline in Paraguay's traditional meat production for export, which came about as a result of EEC import restrictions in the early 1970s. Whereas livestock products dropped from 27% of exports in 1970 to 2% in 1981, agricultural products increased their share from 52% in 1970 to 81% in 1981.

The growth of the civil engineering sector stemmed largely from the building of Itaipú. Although the greater part of the demands resulting from the hydro-electric project has been met by Brazilian firms, international consortia and multinational corporations, Paraguayan firms have been able to supply about a quarter of the goods and services, especially in the provision of raw materials for the construction work. At the same time, the growth in urban property development both in the areas around the construction site and in Asunción has further stimulated this sector, to give an average growth rate of 20% p.a. from 1973 to 1978.

The 'Brazilianisation' of Paraguay

The accelerated economic growth of the 1970s was closely tied to the 'Brazilianisation' of Paraguay, which involved the expansion of economic, diplomatic and commercial links as well as the large-scale immigration of Brazilian colonists into the EBR. The signing of the treaty of Itaipú between President Stroessner and President Médici on 26 April 1973 was a symbol of the increase in Brazilian influence over Paraguay and the eclipse of Brazil's old rival, Argentina. From a Paraguayan perspective, the main rationale for the replacement of Argentina by Brazil as the dominant regional power was Paraguay's need to reduce her dependence on Argentina for her trade routes and markets. Brazil, on the other hand, needed to find export markets for her goods and cheap sources of energy to finance her industrialisation programme in the São Paulo region, especially after the quadrupling of oil prices in 1974. This expansion of Brazilian influence has been seen by some authors as part of a grand strategy to bring Brazil's weaker neighbours under her more 'formal' control, while others see it as cementing Paraguay's position as a faithful satellite of 'sub-imperialist' Brazil, which is in turn dominated by monopoly capital and trans-nationals based in São Paulo.[29]

In 1966 the two countries had been brought closer together physically by the construction of the Puente de la Amistad and by the new highway linking Asunción and São Paulo. Diplomatic relations were also improved by the offering of Brazilian credit for the building of the trans-Chaco route, a bridge over the river Paraguay at Puente Remanso, and a road linking Asunción to the bridge. The treaty of Itaipú healed an important diplomatic rift between the two countries, as it meant that Paraguay finally dropped its lingering claims to sovereignty over the Guairá falls on the river Paraná. Prior to the Act of Iguazú of 1966, Paraguay had claimed that the whole of the falls was within its national territory. Although the Paraguayan government announced its satisfaction with the Act in 1966, doubts had remained about Brazil's real intentions and Paraguay's willingness to accept those intentions.[30]

The increasing Brazilian role in Paraguay's economy can be seen by the boom in legal and illegal trade between the two countries. In the period 1976-80, Paraguay became the second most important market for Brazilian goods. By the end of the decade Brazil had outstripped Argentina both as a source of Paraguayan imports and as a recipient of Paraguayan exports. In the years 1973-79, 51% of all Paraguayan imports came from Brazil and only 20% from Argentina, while for the years 1975-77, 29% of all Paraguayan exports went to Brazilian markets and only 14% to Argentine markets.[31]

The reduction in Anglo-Argentine participation in the Paraguayan economy was largely due to the collapse of the processed meat industry after the EEC protectionist policies in the early 1970s. Thousands of hectares of land, especially in the EBR, were sold off in the 1970s to multinational firms, Brazilian capital and 'neo-Colorados'. In the period 1974-80, British and Argentine capital invested in Paraguay amounted to only 4% of the total investment.

Some idea of the increase in contraband trade between Brazil and Paraguay can be gained from the table below. In the years 1973-75, Brazilian registered imports from Paraguay were over five times greater than Paraguayan registered exports to Brazil. Paraguayan registered imports from Brazil were three-and-a-half times less than Brazilian registered exports to Paraguay.

Table 2

	Paraguayan Exports to Brazil	Brazilian imports from Paraguay	Contraband	Paraguayan imports from Brazil	Brazilian exports to Paraguay	Contra-band
1967-72	3.1	12.0	7.9	21.9	80.0	58.1
1973-75	14.7	88.3	73.6	82.0	277.0	195.0

All figures in millions of dollars.

Source: Adapted from R.A. Nickson, 'El comercio ilegal entre Paraguay y Brasil', Revista 'Criterio', no. 1, Segunda Epoca (Asunción, 1977).

Of course, contraband between the two countries only represents a small percentage of the total volume of contraband traffic, but what is significant is the rapid increase post-1972. By 1975, illegal exported goods to Brazil reached 13.5% of all Paraguayan exports, and illegal imported goods from Brazil represented 43.8% of the total value of Paraguay's imports.[32]

There are no signs that the trend has diminished, as one estimate claims that for the Paraguayan soya crop alone for the year 1980, 400,000 tonnes out of a total crop of 900,000 were smuggled over the border to the processors in Brazil.[33] The ubiquity of contraband operations in the area is partly explained by the weak integration of the region with the rest of the Paraguayan economy, so that few controls are enforced. Such is the complexity of some operations that Brazilian soya and coffee is 'imported' illegally into Paraguay, and then re-exported from Paraguay to other markets, as the differences in taxes and exchange rates improve the profits of the Brazilian growers.[34]

Other indicators of increasing Brazilian involvement are (i) an estimated 60% of total financial operations is now controlled by Brazilian banks;[35] (ii) a number of joint programmes have been signed between the Paraguayan state and Brazilian capital (especially to build a steel factory and a plant for the production of gasohol); and (iii) the heavy involvement of Brazilian companies and medium-scale farms in the production of agricultural crops (especially soya) and cattle-raising.

The participation of Brazilian farmers in the soya boom is closely tied to the Brazilian colonisation of the EBR. The migration of up to 350,000 Brazilian colonists (consisting mostly of small landowners of less than 50 hectares) stems not so much from a deliberate policy of either government as from a complex interaction of a number of factors.[36] Such is the magnitude of the 'invasion' that Brazilians now make up 60% of the population of the three departments of Amambay, Canendiyu and Alto Paraná, and more than 10% of the total population of Paraguay. In the Eastern region, Portuguese is the main language spoken, and the cruzeiro the dominant currency. In addition to the number of small farmers emigrating, there is an increasing number of Brazilian companies, especially involved in the saw mill industry which has boomed since the export of unsawn timber was banned in 1972 by the Paraguayan government. One author has estimated that 58% of the land in the state of Alto Paraná now belongs to Brazilian companies, and that in Alto Paraná, Canendiyu and Amambay 80% of the most fertile land does not belong to Paraguayans.[37]

The degree to which the Brazilian penetration of the EBR has had a political impact is hard to assess. Despite the magnitude of the 'invasion', there are few signs that it has become an enormous political issue, not least because of the lack of information and the physical remoteness from Asunción.

In geo-political terms the rising influence of Brazil over Paraguay may turn out to be the most lasting legacy of the 1970s. Such is the extent of Brazilian influence that one author can claim that 'the Paraguayan regime receives from Brazil all the support necessary for its stability and continuation in power.'[38] Without wanting to assert that Stroessner is so dependent on Brazilian support, it is clear that the Brazilian vested interest in a government sympathetic to her needs, and the eclipse of her traditional rival, will be one more factor in the increasing complexity of the Paraguayan political process. It is a well-known historical fact that Argentina and Brazil have been engaged in a long struggle to maintain maximum influence over Paraguay. This conflict is reflected in certain members of Stroessner's government having predilections or sympathies for one or the other. There are already suggestions that key officials in Stroessner's ruling élite are receiving bribes to ensure a continued pro-Brazilian stance over the low cost of energy to Brazil.[39]

ITAIPU

The building of the Itaipú dam on the Brazilian border and the projected dams at Corpus and Yacyretá-Apipé on the Argentine border has developed into the single most important focus of political attention. It is difficult to grasp the full extent of the economic, political and social impact of the two hydro-electric projects on Paraguayan development, both in the period since the beginning of construction of Itaipú in 1974, and in the future. Apart from being one of the two main factors behind Paraguay's economic growth, the significance of Itaipú lies in (i) the scale of the project in terms of a) its capacity, b) its possible revenue, and c) its financial requirements; and (ii) its position as a source of potential political opposition to Stroessner's regime. The problem for the regime has been, and still is, to absorb the criticism that Paraguayan national interests have been betrayed by certain terms of the treaty. Secondly, it has been transformed into a central arena of political discussion between important sectors of the dominant class as to the optimum use of its undoubted benefits. The emergence of a widely-publicised debate over the future use of either the revenue or the electricity from Itaipú reflects two different strategies for Paraguay's future economic development, which have some correspondence with different factions of the dominant classes.

Itaipú is the largest dam in the world. Construction of the dam itself was completed slightly ahead of schedule on November 5, 1982. The first 700,000-kilowatt power unit is planned to go on stream in 1983, to be the first of three being activated annually until all 18 turbines are installed by 1989. When completed, Itaipú will produce an estimated 12.6 thousand MW (megawatts) of electricity p.a., equivalent to 22% of the total capacity of the British Central Electricity Generating Board. It is six times larger than the Aswan dam in Egypt, and twice the height of Centre Point in London. Paraguay's entitlement to 50% of the electricity generated is equivalent to 48 times its present requirements, or, expressed differently, about one fifth of one of Itaipú's eighteen generators. It is clear that as Paraguay cannot possibly absorb anything like its share of the electricity, the country has the potential to become an 'energy emirate' and a key epicentre for supplying cheap energy to Brazil's industrialisation drive in the São Paulo region.

The projected cost, to be paid jointly by Brazil and Paraguay, has escalated from an estimated 3,400 million dollars in 1973 to 7,600 million in 1976 to 8,800 million in 1978. Recent estimates of 200,000 million dollars' worth of financial investment needed before completion in 1989 represent six times Paraguay's GNP for 1979, and twenty times the value of Paraguay's registered trade for the same year, an investment per capita of 6,000 dollars.[40]

Initially in 1973, criticism of the terms of the treaty centred on one or all of the following: (i) the price at which Paraguay was going to sell its share of the electricity to Brazil: it was noted that the price was fixed at 1973 prices for the next 50 years, and took no account of the market rise in energy costs; (ii) the

conditions of transfer of the electricity: in particular, Paraguay was not allowed to sell its share to other countries; (iii) the financial terms of the treaty: in particular, the 50 million dollar loan, granted by the Brazilian government to enable the Paraguayan state electricity company (ANDE) to pay its half-share of the capital stock of Itaipú Binacional, would in effect rise to 90 million dollars by 1983, the year the first turbine was then designed to come on stream; (iv) the allocation of contracts offered to Paraguayan companies: the percentage of contracts for the construction of the dam only amounted to 15-25% of the total; (v) the obstacles put in the way of renegotiation, not least by the administrative structure of Itaipú Binacional that concentrated executive power in the hands of the Brazilians; and (vi) the lack of certainty as to which nation would have military and policy control over the area under the jurisdiction of Itaipú Binacional.[41]

It would have been surprising if the treaty had made no political impact on a country with a strong sense of nationalism and sovereignty. The genesis of a tangible political issue of apparent betrayal of Paraguayan national interests was in contradiction to Stroessner's identification with nationalistic heroes of the past, and offered a real threat to Stroessner, not least from more nationalist sectors of the military and the Colorado party. Fuel was added to the fire by the government's emphasis on the desarrollista aspects of the treaty and not the negocio itself. A storm of protest ensued which included a series of vitriolic speeches in the House of Representatives, a degree of student mobilisation in the universities (especially in the engineering faculty), and a strident campaign in the press, apparently encouraged by leading members of the army.[42] Although the treaty was passed in both Houses (which is unremarkable, given the mandatory two-thirds majority of the Colorado party), the mounting nationalist campaign must have been perceived as a threat serious enough to justify the Colorado party mobilising an estimated 50,000 loyal supporters on 14 August 1973 in favour of the treaty. The Colorado party's propaganda machine was sufficiently well-oiled to demonstrate enough 'popular support' to go some way towards neutralising the challenge from outside the Colorado party and from certain high-ranking military officers within it.

However, more significantly, it soon became apparent that behind the scenes Stroessner was embarking on a slow process of making important concessions to leading members of the élite as a means of absorbing some of the mounting criticism. A series of complex annexes was added to the original treaty of 1973; the first of these in January 1974 was an amendment to article 18, which in effect limited the area under the control of the Brazilian security forces to the Brazilian side of the border (under the original terms of the treaty, the Brazilians had control over both sides of the border, a point which reportedly angered the Paraguayan military). Later, more important changes were made concerning the currency in which Brazil would pay Paraguay for her share of the electricity (namely, in dollars and not cruzeiros) and concerning the frequency of the Paraguayan national electricity grid. Such concessions from Brazil increased Paraguay's participation in the joint venture and lessened the effect of some of the terms of the treaty most injurious to Paraguayan interests. More importantly, they had the political effect of reducing some of the pressure on Stroessner at the time of the initial signing of the treaty.

However, the issue of the price of Itaipú's electricity ((i) supra) still remains unresolved at the time of writing (March 1983), and therefore a focus of political debate. Official government estimates of the amount of revenue accruing to Paraguay if all its share of excess electricity is sold, stand at 30.3 million dollars annually (10.8 in compensation, 6.0 dividend, 11.7 royalties and 1.8 million administration). However, an examination of Table 3 reveals that the benefits can vary from 10.8 million dollars to 1,273 million dollars annually, according to the method of calculation.

Table 3

Possible Benefits to Paraguay from the Export of Electricity from Itaipú

Method of calculating benefits or 'compensation'	Cost of unit in thousands of dollars per Kwh	Annual benefit in million dollars p.a.
1. According to original wording of Treaty of Itaipú (without re-adjustment)	0.3	10.8
2. According to Treaty with adjustment	1.5	54.0
3. According to world prices for electricity (compared with unit cost for nuclear energy)	40.0	1,273.0

Souree: R. Canese, Ideas preliminares sobre el qué hacer con la energia de Itaipú (Asunción 1980).

The official figure of 30.3 million dollars is reduced to 10.8 (Figure 1 in the table) according to the original treaty, if it is assumed that payments will be made to Paraguay by Itaipú Binacional (the juridical binational company set up in 1974 with overall responsibility for the project, of which Paraguay is an equal partner), and not by Brazil. Figure 2 is achieved, if compensation payments are adjusted in proportion to the six-fold rise in the original cost-estimate of 2,000 million dollars. Figure 3 is achieved if Brazil were to pay Paraguay a price equivalent to the unit cost of her nuclear programme.[43] There is a strong current of opinion among sectors of the dominant classes in favour of re-negotiating the price of the electricity, using the methods of calculation behind Figures 2 and 3. The possibility of a 'nationalist backlash' is still a threat to the regime.

The eventual price to be paid by Brazil is not the only problem facing the Stroessner government. By 1981 Brazil's energy consumption had plummeted from an average 12% p.a. growth throughout the 1970s to 3%. Itaipú's major market area, Brazil's industrialised South East, has a reported surplus of 1.5 million kilowatts of electricity in early 1983.[44] Delays in the completion of Itaipú's

18 turbines do not run against Brazil's interests. Reductions in the Brazilian government's expenditure on Itaipú have already postponed for one year the construction of a 2 billion dollar, 700 kilometre transmission line between the dam and the industrial parks around São Paulo.

From a Brazilian perspective, there is little need for a rapid installation of the turbines without transmission lines and with the serious decline in the demand for electricity. There are already reports that Brazil has cancelled all new investments in hydro-electric power for the 1980s, and is also negotiating to sell its surplus energy (from sources other than Itaipú) to Argentina.[45]

There are three major problems for the Stroessner government. Firstly, the decline in investment and construction work resulting from Itaipú is one of the main factors behind the recent 2.5% drop in GNP for 1982. Secondly, the work-force at Itaipú has been reduced from an estimated 30,000 to 10,000. Paraguayans are thought to have made up half the original work-force. Failure to offer alternative sources of employment to a more politically-conscious work force could have a significant political effect. Previous government plans had presumed that the run-down in the work on Itaipú would be compensated by the commencement of work on the dams at Corpus and Yacyretá, built jointly with Argentina on the river Paraná. However, economic and political problems facing Argentina and continued haggling between the Franco-Italian company Dumez e Impreglio and the binational company Yacyretá over the distribution of civil engineering contracts are still preventing work being started on the dams, nine years after the project was first discussed.

The threat from the left

Since the destruction of the FULNA and Communist Party guerrilla units in the middle of the 1960s, the Paraguayan left had made little political headway. However, a slow process of radicalisation of sectors of the church throughout the decade of the 60s, the growth of the Ligas Agrarias in the Central Region, and the emergence of a radicalised student movement in the Catholic universities combined to offer the most serious threat to Stroessner in the mid-1970s from the 'illegal opposition'.

Until the early 1960s the Paraguayan church remained largely confined within the old 'patronato real' system, established in the period of Spanish colonial rule, which in the spiritual sphere meant emphasis on the 'world beyond' rather than on the poverty and misery of the peasantry, and in the political sphere meant a close relationship with the Stronista government. However, throughout the 1960s, and even before the Bishops' Conference at Medellín in 1968, certain sectors of the Paraguayan Church were beginning to assume a more active pastoral role. Firstly, the increase in the number of bishops and priests and their contact with the poor, secondly, the influx of young Jesuit priests and particularly their employment in the newly-formed Catholic universities, and, thirdly, the wider dissemination of the social encyclicals of Pope John XXIII and, later, Pope Paul VI, meant that at least one strand of the Paraguayan Church began to question both the nature of the political regime and the Church's role in the rural areas.[46]

In December 1968, the 44th Assembly of the Paraguayan Bishops' Conference made a public stand against the number and treatment of political prisoners, and condemned the corruption of the regime. One year later, for the first time the bishops widened their area of concern by condemning the government's proposal for a new anti-subversive law, by demanding structural changes in the whole social and economic order (including a radical agrarian reform). Most significantly they endorsed a more active political role for the church in society. This deterioration in church-government relationships was epitomised by the excommunication of Interior Minister Dr. Sabino Montanaro and Chief of Police Francisco Brîtez in 1969, as a result of their complicity in repression dealt out against students, priests and nuns who were peacefully demonstrating against the deportation of a Paraguayan priest, Father Oliva.

In the early 1970s, the church did not lessen its political activism in the rural areas, which provoked a concerted campaign on the part of the government to taint the church with the Communist brush, and hence discredit the radicalised priests in the eyes of the peasantry with whom they were working. A barrage of crude government propaganda was matched on a more practical level by the harassment of church officials, including priests from other countries.[47] When, in May 1972, Father Cavarías, a Spanish Jesuit priest working in the zone of Piribebuiy, became the eighth priest to be expelled by the government since 1969, it became even more apparent that the main reason for the increasing concern of the government was the church's involvement in the Ligas Agrarias movement.[48]

The origins of the Ligas were heterogeneous; they were concentrated in the Central region where 80% of the Paraguayan population are situated and where the conflict over the distribution and ownership of land has always been at its most acute. From 1962 onwards they grew in membership under the auspices of different organisations in different areas of the Central Region, mostly promoted by the church; although the Paraguayan Communist Party is thought to have had some contact with the Ligas, most of them were linked to the church through organisations like the Tercera Orden Franciscana, the Juventud Obrera Católica and the Confederación Cristiana de Trabajadores. As most of the Liguistas were small producers and not an agricultural proletariat (although the distinction is always difficult), most of their demands focused on more land and better prices for their products, while there was no recorded agricultural workers' strike for a wage increase.[49] Most of the communities combined self-help on a practical level through the formation of distribution and small producer co-operatives (called ñandivepá) with theoretical reflection based on biblical readings designed to improve their understanding of the reasons for their poverty and exploitation as a result of their marginalised position in Paraguayan society.

In the early stages the objectives of the Ligas were confined to the promotion of their own education, the organisation of means to by-pass intermediaries and the spreading of Christian ideas of fraternity. However, by the 1970s a process of radicalisation had occurred such that the necessity to transform political structures through organised action came to be discussed with much more urgency among some of the Ligas. This radicalisation had come about

as a result both of a long period of gradual increase in awareness, and also of the repression that was already being dealt out against them. After the long 'gestation' period of the 1960s, there were signs that more overt and quite explicit political objectives were now dominant.[50]

The desire for political change at a national level faced many obstacles; firstly, in general the Ligas were organised on a highly localised system with little contact at a national or regional level. Secondly, those organisations that did have the potential to be more widely based (like FENALAC and FCC which had links with the Christian Democrat Party) tended to be urban-based and lacked the full confidence of the peasants. Many of the Ligas wanted to keep their autonomy both for financial reasons and to avoid the often paternalistic and 'caudillo' attitudes of which the peasant organisations and some of the priests were guilty. Thirdly, the dependence of the Ligas on their church sponsors and the increasing internal rifts within the church hierarchy made some of the Ligas look for alternative forms of political and religious organisation.[51] The attitude of some members of the church hierarchy had always been deeply suspicious of the direction that the Ligas were taking and after 1973 this worry that the Ligas were being taken over by the Marxist left changed to actual withdrawal of some support.

From the government's point of view, it is not difficult to see why even in the early stages the Ligas were subject first to harrassment and then to crude repression. On an economic level, the Ligas offered the small producers a means of by-passing the intermediaries and acopiadores, who are often the local representatives of the Colorado party. On a political level, the existence of autonomous peasant organisations offered a very real threat to the Colorado party's traditional source of support, which depended on an unquestioning and politically apathetic peasantry. The church's partial support for such organisations compounded the threat, as the Paraguayan church has international links, a nation-wide media network and a traditional religious hold over the peasantry, which meant at least the potential for large-scale opposition to the government.

After 1973 the mutual distrust between the church and the Ligas led some of the more radicalised Liguistas to break away from the paternalism of the church and to look for a wider political alliance. This radicalisation coincided with the emergence of the urban-based O.P.M. (Organización de Primer de Marzo) which drew its support mostly from the middle class Catholic universities, and especially the Movimiento Independiente (formed in 1965 as a loose amalgam of non-Colorado students). The O.P.M. maintained its independence from the traditional political parties (including the Paraguayan Communist Party), had links with the Argentine E.R.P., and advocated a prolonged people's war on the basis of a worker-peasant alliance (with the hegemony of the former). Links were engendered between the leaders of the urban O.P.M. and the Ligas, which provided the urban-rural link necessary for a serious challenge to the regime.

The government's response to the increasing radicalisation of the Ligas was both to increase the repression and to capitalise on the growing rift within the church hierarchy by stepping up the campaign of calumny against the more radical priests. After the brutal destruction of the community of Jejúi in February 1975,[52] the death of the Ligas came with the discovery by the authorities of the O.P.M. organisation and its links with the Ligas. Within days the government was able to round up the nucleus of the organisation in such a way that 30 leading Liguistas were assassinated in different parts of the country and at least 500 others were arrested. Such was the effectiveness of the repression that the Ligas and the O.P.M. were almost completely destroyed,[53] and neither organisation has maintained any political impact. At the same time, the government was able to make the accusation stick that 'Communist priests' were part of an organisation committed to the violent overthrow of the state. Tenuous links between priests and the O.P.M. had the desired effect of discrediting the church's involvement in politics and annulling the more militant priests' influence within the Catholic hierarchy.

Since 1976 the Paraguayan church has confined itself more to treating the symptoms than the causes of the oppression of the Paraguayan peasantry. There have been strident criticisms of the government's human rights abuses and its treatment of Indians, but in general the fate of the Ligas left the Paraguayan church facing the essential dilemma of the church in many other Latin American countries. As one author expresses it,

> '(The Paraguayan church) ... finds itself spontaneously pitted against a fanatically anti-Communist government because of the perpetuation of social injustice and poverty engendered by that government's system of privilege and power. Yet at the same time, the Catholic Church in Paraguay is terrified by the spectre of Communism.'[54]

No single exhaustive account has yet been published of the failure of the Ligas or of the O.P.M.[55] It would seem that over the period 1975-76 (and in the case of the O.P.M., again in 1978), the most brutal and systematic repression since the period 1959-61 was the main factor behind their defeat. But, at least for the Ligas, their reduced influence was not just due to repression. The Ligas members were largely small producers, and in 1973 prices both for basic food crops and cash crops rose substantially (rice by 52%, soya by 54%, tobacco by 26%, wheat by 130% and cotton by 123%)[56], which must have had a significant softening impact on some of their grievances.

This view is supported by the knowledge that by the end of the 1970s no less than 60% of cotton, 72% of tobacco and 30% of soya bean output was produced by small-scale agricultural commodity producers.[57] Such an improvement in prices (destined to be only ephemeral) was at least one factor behind the decline of the Ligas.

Secondly, there is some dispute over the extent of their influence and the number of Liguista members. While some estimates put the membership as high as 20,000,[58] others claim that only 3,000 joined the Ligas.[59] One author makes the central point that the

movement hardly touched the majority of the 'class', which would be corroborated by the fact that an estimated 60-70% of the total Paraguayan population of 3 million live in the rural areas.[60] If it is right to speculate about the real extent of influence of the Ligas, this would endorse the O.P.M.'s self-criticism that the 'subjective conditions' (levels of organisation and consciousness amongst the peasants) were not right for the armed struggle.[61] Also, O.P.M.'s strategy of attempting to replace the Ligas with its own organisation and its failure to transform the student-peasant alliance into a worker-peasant alliance both militated against the possibility of its success.

Even if the absence of more detailed information makes it impossible to give precise reasons for the failure of the O.P.M. and the Ligas, it is clear that these organisations offered the greatest threat to the Stroessner regime in the 1970s from the more popular sectors, which the government showed itself capable of neutralising.

The United States and the legal opposition

The campaign over the Itaipú treaty also marked an important stage in the political development of Liberalismo. If the various Liberal parties were ever to provide a united front, they would be the only party other than the Colorados with a mass base capable of having a significant electoral impact. The beginning of the process in 1963 in which the Liberal party moved away from expressing the interests of certain sectors of the oligarchy was carried to a further stage by factions of the party starting to represent the interests of the 'national bourgeoisie' and the urban middle classes. This consisted of political demands to defend national sovereignty, an 'independent economy' and the widening of certain basic rights for peasants and workers.[62] Although the Liberal party, like the Febreristas, has always contained within it a multitude of political positions and personalist factions, the formation of the Partido Liberal Radical Auténtico (PLRA) in September 1977 seemed to mark the purification of the party into a closer representation of a 'class position'. In February 1977, the Partido Liberal Unido had boycotted the vote within the Constitutional Assembly to prevent an amendment in the Constitution to permit President Stroessner's re-selection. However, Stroessner split the party by granting legal recognition to those sectors of it that were willing to participate in the elections, and support his 'continuismo'. The PLRA was that sector of the party which refused to co-operate with those 'opportunist' sectors who were happy with their mandatory one third of the seats in Congress. This inability to agree to a united strategy was compounded by the gradual reduction of the party's contact with the campesinos, because the local caudillos, acopiadores and alcaldes had largely been taken over by the Colorado party.

This 'purification' of the Liberal party was finally confirmed by the signing of the Acuerdo Nacional in February 1979, which advocated a more uncompromising opposition to the regime, and consisted of the PLRA, the Febreristas, and the Christian Democrats,[63] and later one wing of the exiled Colorado party, MOPOCO, led by Waldino R. Lovera (the other wing, led by Méndez Fleitas, refused to join). The Acuerdo Nacional's programme was not economic, but

concentrated on the demands for the restoration of human rights, the lifting of the state of siege, the return of the thousands of exiles, freedom of the press, the independence of the judiciary and the installation of a democratic system of government; it was explicit in its rejection of the violent path to change. Its main weaknesses were immediately apparent: (i) its lack of grass-root popular support; (ii) its amalgam of different political parties of heterogeneous origins and political 'legality'; (iii) the constant harrassment, repression and imprisonment of its leaders; and (iv) its lack of full support from the more radical sectors, who welcomed its anti-dictatorial stance, but questioned its backing from important sectors of the bourgeoisie who had already benefitted under Stroessner. However, its main strength was a certain amount of qualified support from the United States under the Carter administration.

Relationships between the United States and Stroessner had always been close, largely because of Stroessner's uncompromising anti-Communist stance and the openness of the Paraguayan economy to foreign capital. Until 1972 the large amount of contraband within the Paraguayan economy had not been a problem for the U.S. government because a high percentage of the trade was in 'soft goods' like whisky and cigarettes. Unlike the situation in Bolivia, the heavy involvement of leading members of the Stronista clan in the contraband 'industry' could more easily be overlooked. However, in 1972 the Nixon administration put pressure on Stroessner to extradite Auguste-Joseph Ricord, the Corsican king-pin of the Latin American heroin trade with the United States, who was using Asunción as his major staging-post. The problem for Stroessner was that key members of his government were Ricord's chief contacts in Asunción and that therefore there was a strong possibility that they would be implicated if Ricord were ever released.[64] When a Paraguayan court announced that extradition was refused on the grounds that Ricord had committed no crime in the United States, Nixon threatened to cut off aid. The problem was only surmounted by the timely death of one of Stroessner's generals, Patrício Colman, as a result of a lingering bullet wound given to him by the popular guerrilla leader, Arturo López Areco.[65]

With Carter's Human Rights policy came the possibility of a serious threat to Stroessner's stability. Historical precedents abound for 'dictators', especially in Central America, being undermined by the partial withdrawal of crucial support from the United States. One of the key factors behind the success of the Cuban revolution was the United States's equivocal relationship with Batista; Trujillo was assassinated by the C.I.A. in 1961 when it became increasingly obvious that he was an embarrassment and unwittingly preparing the way for Castroism; the success of the Sandinistas was at the very least facilitated by the Carter administration's indecision and vacillation over support for Somoza.

In 1976, Paraguay must have appeared as a 'safe bet' for the Carter administration to show its concern with 'democracy' and human rights, and follow the prescription ot the Trilateral Commission to pre-empt popular insurrection and a world economic crisis by moderate reforms. After the elimination of the Ligas and the O.P.M. the threat from the left was extremely weak, whereas the opportunities

for promoting the legal opposition were strong. Thus Robert White, the then Ambassador to Paraguay, in a series of moves promoted the Acuerdo Nacional, criticised the human rights record and even threatened to cut off some aid if no improvement were made.[66] To Stroessner, whose attitude towards the United States was encapsulated in his comment that 'the United States Ambassador was an extra member of his cabinet', the withdrawal of unconditional support must have come as a serious threat to his rule. On one level, the response was to condemn the 'interventionist' character of the United States and to organise demonstrations outside the U.S. embassy, with the underlying theme that 'Paraguay would remain anti-Communist with or without the support of the United States'. But on another level, Stroessner was adroit enough to make some concessions, especially in the area of human rights. The first National Human Rights Congress was allowed to be held in Asunción in December 1978, and the number of political prisoners, some of whom had been in prison for twenty years, dropped from over 400 to about 20 in the years 1977-78. Such concessions were clearly regarded by the United States as an acceptable improvement, as at no point in the years 1976-80 did the United States stop supplying Paraguay with economic aid, although military aid was reportedly reduced to zero for the years 1979-81.[67]

The fact that Stroessner was not seriously weakened by the combined pressure of the Acuerdo Nacional and the United States bears witness to his political adroitness and security. With the election of the new United States President in 1980, the significance of the 'U.S. factor' obviously lay in the area of continuity rather than change. At the same time, the Acuerdo Nacional lost much of its political force, not only because of the departure of Robert White as Ambassador but also because of problems internal to itself. The PLRA still suffers from harassment, and has yet to cull the benefits of its strongly abstentionist line on elections, when other factions of the Liberal party still agree to compete. It has been further weakened by the expulsion of its best-known leader, Domingo Laíno. In December 1982 Laíno was thrown out of the country after the publication of his book El General Comerciante about the life of Stroessner's erstwhile ally, General Anastasio Somoza. Although it contained nothing new on Somoza, the Paraguayan authorities condemned the book as an apology for a criminal act (namely, the assassination of Somoza). Unofficially, the thinly-disguised parallel between the lives of Somoza and Stroessner was probably the real reason for Laíno's expulsion.

The decline of the Christian Democrats has coincided with the decline of the Paraguayan church as a political force. The party also lost its leader, Professor Luis Resck, who was expelled from the country in 1981. Various attempts by Resck and by leaders of MOPOCO to return in 1981-83 have all met with failure and have usually ended with the aeroplane on which they were travelling being turned back. The Febreristas still suffer from serious internal divisions. The election of President Euclides Acevedo in the November 1981 Party conventions was interpreted as a move to the right, and has further alienated the more radical youth wings.

In general, the Acuerdo Nacional's emphasis on the human rights issue has failed to have the political impact that it has had in Paraguay's neighbouring countries. Stroessner's concessions in the mid-1970s were one of the main factors why the Acuerdo Nacional cannot gain more political capital out of the issue. The Acuerdo Nacional's recent failure to make more out of its abstention in the recent elections, its inability to appeal to the radical left, and the fact that human rights are not such an explosive issue, together suggest that the Acuerdo Nacional is unlikely to have much effect in the short-term evolution of Paraguayan politics.

The rise of a 'national bourgeoisie'?

The years of the Carter administration coincided with the rise of certain nationalist business sectors, who, since the signing of the treaty of Itaipú, had slowly been associated with the increasing opposition to the terms of the treaty. By 1977, after much debate in the press, the nationalist lobby had gained enough strength to force President Stroessner to declare that Paraguay would not change the frequency of the national electricity grid from 50 cycles per second (Hz.) to the Brazilian system of 60 cycles per second (Hz.), a decision which would clearly favour greater domestic utilisation. The political significance of this declaration was that the Brazilian government, the Brazilian press and Sr. Enzo Debernardi (the head of ANDE, joint director of Itaipú Binacional and senior technocrat in Stroessner's government) were all advocating the installation of expensive electricity converters to allow for maximum sale of Paraguay's share of the electricity to Brazil. Within a general perspective, the fact that it was Stroessner's personal decision marks the first step in a gradual process of some concessions being made to sectors of the bourgeoisie whose incipient political influence Stroessner could not afford to alienate.[68]

The 'national bourgeoisie' is traditionally regarded as expressing its class interests through the U.I.P. (Unión Industrial Paraguaya), which broke away from FEPRINCO (Federación de Producción, Industria y Comercio) in 1973, reportedly over the issue of protectionism versus free trade.[69] Until the arrival of Itaipú, FEPRINCO was obviously content to rely on the Stronista state for the maintenance of capitalist conditions, although there were constant demands for some protection for local industries against the 'unfair competition' of the high levels of contraband. Because state power was controlled by major contrabandistas, and because of the constraints on industrialisation (especially the close proximity of Brazilian and Argentine industries), Paraguayan industrialists had little choice but to be content with meagre political representation.

However, in the 1970s the prospect of using the windfall profits from Itaipú and of benefitting from joint operations with multi-national capital formed the background to certain sectors of the 'national bourgeoisie' seeking more adequate representation at the level of state power. The possible significance of a 'national bourgeoisie' withdrawing support from a 'military-personalist' regime cannot be ignored, when the distancing of such a bourgeoisie from Somoza, Franco, Salazar and the Greek Colonels is regarded by many authors as the major factor behind their eventual downfall. The

Nicaraguan industrial and commercial groups, COSEP and INDE, became more vociferous in their protests over competición desleal with Somoza after 1972; their political manifestation in UDEL, and latterly FAO, were symptomatic of major divisions within the Nicaraguan capitalist class, which led the way to the crucial withdrawal of their support for Somoza.[70] Likewise, although Spain, Portugal and Greece were obviously at different stages of development,

> 'what is beyond doubt in all three cases is that gradually, if in different degrees, broad sectors of the domestic bourgeoisie distanced themselves from military dictatorships and withdrew their support, whereas broad sectors of the comprador bourgeoisie supported it to the end'.[71]

In the particular case of Paraguay, it is necessary to examine whether a 'national bourgeoisie' can plausibly be said to exist and, if it does, whether the conflict over the benefits of Itaipú can be approximated to a primary contradiction (like that in Nicaragua) or a secondary contradiction, reflecting two alternative visions of bourgeois development open to the Paraguayan upper class.

On the one hand, U.I.P. (and FEPRINCO) do make economic and political demands that could support the identification of a 'national bourgeoisie' (namely, the end to export taxes and import taxes on industrial inputs, the elimination of internal taxes, and a degree of protectionism from the extremely liberal laws towards foreign capital investment). On the other hand, U.I.P. is clearly made up of disparate factions with different economic needs and political demands. The last Guia Industrial (1977) showed that out of 7,008 companies, 6,110 employed less than five workers. Of 20,000 manufacturing units in Paraguay, only 600 are large-scale industrial plants, generating 48% of the value of the sector and employing only 15% of the work force. Not surprisingly, artisans comprised 15,000 of the units and 44% of waged and self-employed labour and generated 20% of the value.[72] The duality of the industrial sector is reflected in the U.I.P., where 50 to 60% of the membership is small-scale businessmen. The internal size divisions are compounded by sectoral differentiation; textiles, furniture and shoes are seriously threatened by competition with contraband, while other sectors like plastics and chemicals are not so endangered. Also, there are divisions over their attitude to joint operations with foreign capital; milk producers, for example, do not welcome the further intrusion of companies like Nestlé.[73] These internal variations make the political manifestation of a unified 'national bourgeoisie' with a single demand unlikely.

The second problem is that, in the absence of a study of family group interests in different sectors of the economy, it is hard to make definitive statements about the 'ontological reality' of a distinct landed oligarchy and industrial bourgeoisie. The overlapping of 'neo-Colorados', the old latifundista class and industrialists, all with interests in the business sector, suggests that the national bourgeoisie is not sufficiently homogeneous to be called a separate class. It has been claimed with some justification that since the beginning of the 1970s there has been a slow process of fusion between the three 'sectors', to such an extent that it is hard to distinguish their individual interests.[74] The dangers of setting up a

'recalcitrant latifundio class' or a corrupt 'retrograde sector closely identified with Stroessner' against a modernising business sector are corroborated by: (i) the fact that an estimated 70% of Paraguay's manufacturing sector is directly related to agribusiness activities;[75] (ii) the fact that certain members of the Stronista clan have important business interests;[76] and (iii) the fact that members of the modernising sector historically have been close allies of Stroessner.[77]

Yet, at the same time, it is clear that a nationalist business sector has begun to make its political presence felt throughout the 1970s, not only in the issue of the conversion of the Paraguay electricity grid, but also in a campaign conducted in the press over the high pricing of the electricity from Paraguay's present electricity generator 'Acaray', the controversy over the formation of the state oil company PETROPAR (which clearly benefitted high government officials and excluded any private sector contribution), and over the contracting of an independent study on the possible use of the electricity from Itaipú.

It is in this last area that the business sector and other factions of the bourgeoisie have exhibited a certain degree of political distance from the government's position. The debate over the future development strategy has been played out in the national press, especially ABC and La Tribuna, who are simplistically thought to reflect the views of the commercial/financial bourgeoisie and the industrial bourgeoisie respectively.[78] Broadly, ABC advocates a 'deepening' of the agro-export model, and opposes any rapid expansion of the industrial sector, especially the use of electricity-intensive industries. This is because of (i) the constructural constraints of the lack of mineral resources, the geographical isolation and the small size of the local market for the products of such industries; and (ii) the perceived need to avoid the social cost of a rapid process of proletarianisation. Instead, Paraguay's share of the electricity should be exported to Brazil, but with the proviso of an upward revision of the price, which would boost foreign exchange earnings and give the basis for a series of state infrastructure projects to boost agriculture and agro-industries.

The other model, as presented by La Tribuna, has been characterised as 'state capitalism' in that it advocates a rapid programme of maximum domestic utilisation of Paraguay's electricity share, and therefore of energy-intensive industrialisation like aluminium-smelting and fertiliser or cellulose plants. Local industrialists would be able to participate in joint ventures with multinationals, attracted to Paraguay by the cheap energy source.[79]

However, it is now clear that if the dispute is expressed in the extreme terms of 'industrialise or export the electricity to Brazil', it neither offers a credible portrayal of the options open to the Paraguayan government, nor does it reflect the definitive economic projects of certain political classes. Although the government is yet to announce its plans for the use of the electricity (which has seriously undermined U.I.P.'s attempts at attracting foreign capital by their inability to quote definite electricity prices), most commentators are agreed that the government's eventual position will be closer to that advocated by ABC, in terms of its promotion of the agro-export model, while at the

same time making important concessions to national business sectors by favouring the foundation of some electro-intensive industries and the promotion of agribusiness in which local capital can participate.[80]

But for a political analysis of the 1970s, the dispute over the benefits of Itaipú is regarded as significant because of the splits within the dominant class and apparent signs of their showing a certain distance from Stroessner. However, because of the historical proximity and lack of accurate information, definitive statements about who the new groups represent, the degree to which they offer a serious threat to Stroessner and the level of the conflict between them, are difficult to make. For example, the newspaper ABC, and its editor Aldos Zucolillo, have been likened to La Prensa and Pedro Chamorro in Nicaragua, in their principled opposition to certain aspects of Stroessner's regime. Thus, since the beginning of the 1970s, there has been a maintained campaign against the future price of the electricity, the high level of state corruption, the presence of Somoza in Asunción, the Brazilian penetration of the Eastern region and even the ineptitude of certain ministers.

The advocacy of the development strategy is meant to correspond to the interests of the financial, commercial and service capital sectors which have boomed since 1973 (because of the rapid increase in the amount of foreign currency inflows, building societies, banks, finance companies and foreign exchange companies have grown to such an extent that by 1980 the 'service' sector accounted for 45% of GNP.) However, the identification of a paper's position with a certain faction of the bourgeoisie in opposition to Stroessner must be questioned when (i) the Zucolillo group, the owners of ABC, have wide capital interests, not only in the financial and import-export sectors, but also in civil construction and consumer goods; (ii) the same Zucolillo family have long been 'critical supporters' of the regime, in that certain aspects of the Stronista rule (like the monetary and political stability) are welcomed as the right conditions for capital accumulation, although ABC is more in favour of a freer market economy; and (iii) whereas ABC's rivals, La Tribuna and Ultima Hora, have been the victims of closures, ABC has been allowed to remain open, which suggests a degree of political protection from high government officials. However, although it is not helpful to equate the newspaper with a faction of the bourgeoisie, it is probably the case that ABC has now become the most important non-governmental source of political opinion and influence.

Similarly, the close identification of the paper La Tribuna with the political project of the 'national industrial bourgeoisie' is not helpful, when it is remembered that this 'national bourgeoisie' argues for the use of Paraguay's electricity share as a way of attracting large international and regional capital to the country, in order to get more access to regional and international markets and industrial technology. Whereas in the 1930s it may have been easier to talk of a 'national bourgeoisie' able to benefit from an Import-Substitution approach, the conceptual difficulties of such terms in the new international context of complex arrangements between state capital, local national capital and international capital make the positing of easily-identifiable 'capital sectors' problematic, which is compounded in the Paraguayan case by the intermingling of such groups.

Also, the suggestion that there is a serious conflict between the various factions of the bourgeoisie is weakened by the non-zero-sum conflict involved:

> 'The point is that both positions offer complementary and non-antagonistic proposals for deepening the internationalisation of the economy and achieving the same objective ... while both groups essentially support the strategy of 'desarrollo hacia afuera', what is at stake is competing views over how to use the energy to realise the goals that both groups hold in common; the difference between them is means, not ends.'[81]

This view is corroborated by the possibility of both sectors benefitting from a compromise model of development:

> ' ... the promotion of agribusiness and electro-intensive industries will benefit directly manufacturing capital through the formation of joint ventures with regional and international capital; it will also benefit Paraguay's finance and commercial capital, as it will increase trade and foreign exchange flows. It is certainly not a zero-sum game where one group's benefit is another group's loss.'[82]

It is probably more correct to see the discussion of these strategies as reflecting the increasing political power of certain pressure groups, rather than the exact representations of class positions antipathetic to Stroessner. To this extent, the contradictions within the dominant class and between them and Stroessner are only secondary, and do not represent the heralding of a new form of political system, although at the very least it does represent an increasing complexity of the balancing of interest groups. It is possible to see how Stroessner has made slow but important concessions to the 'nationalist lobby' over (i) the non-change of the grid and (ii) the promotion of some industrialisation projects. The key issue now becomes the renegotiation of the price in terms of a) the amount of revenue, b) the manner in which it is used and c) the groups who will benefit. The amount of political leverage accruing from a) to c) will clearly be a central pointer to future political development, not least because excluded sectors may not be so patient in accepting the enormous amount of private appropriation of state funds and personal benefit to be gained from the Itaipú project, as many of the companies involved in the contract work have been set up and maintained by high government officials.[83]

The demise of a personalist system?

While it is easier to examine more 'empirical' events like the political impact of Itaipú, the contradiction between a 'new dynamic phase of capitalist expansion' and an immobile political system, dependent on corruption and clientelism for its survival, remains much more on a theoretical level. It has been argued or assumed by some commentators that the system has become too complex to be controlled by one man, or that there is an increasing need for a more impartial, bureaucratic and efficient system to engineer the growing capitalist expansion.

On the one hand, certain sectors of the dominant class have emerged who are in favour of a modification of the state apparatus for greater efficiency and growth and in favour of freer competition, especially in the awarding of contracts, and against the repression and corruption of the Stronista state. There is increasing debate as to the extent to which it is possible to identify separate sectors of 'renovadores' and 'conservadores' both within the Colorado party and the army, and the extent to which these are linked to parties outside the Colorado party.[84] It is not within the scope of this paper to explore the nature of the various splits, except to state that (i) it is clear that certain sectors are both distancing themselves from Stroessner and are engaged in a certain amount of political bargaining in anticipation of a possible post-Stroessner era; and (ii) these sectors are split along a kaleidoscope of strategies towards Itaipú, long-term development, economic interests and, of course, personal ties.[85]

On the other hand, it is not clear to what extent the estimated 50% participation of contraband in the Paraguayan economy will have to be reduced to allow for more efficient capital accumulation. Given that the boom in the economy in the 1970s was partly based on favourable international factors, the prospects for maintained growth are not good. A drop in world prices for certain crops, a run-down in the construction work around Itaipú and delays in the commencement of work on Yacyretá has already had a serious effect on the performance of the economy. 1982 witnessed a 2.5% drop in GNP after years of impressive economic growth that was obviously a central factor in the 'legitimacy' of the regime.

There are suggestions that the government's capacity to pay off an increasing foreign debt (an estimated 1.2 billion dollars by 1982) will be seriously hampered by the political obstacles put in the way of improving its ability to increase state revenue, either by restricting contraband or by taxing high-income groups. The political significance of such economic necessities lies of course in the fact that any move to restrict contraband or to tighten up legal controls for a more regulated economy will come up against powerful vested interests in the status quo.[86] At least on a theoretical level, there is no reason a priori why a personalist system cannot co-exist with a higher stage of capitalist growth. Although there may be demands for some decentralisation of decision-making, Stroessner has been very 'efficient' in overseeing high economic growth in the 1970s, largely through the introduction of a significant degree of capital penetration into the agrarian sector.[87]

It is this modernisation of the agrarian sector that is one of the most striking features of the 1970s, and the development most likely to introduce profound changes in the social structure. It is impossible to assess accurately the degree to which the arrival of commercial agriculture has already broken down the old latifundista-minifundista structure and has replaced it with capitalist forms of production. It is clear that large sections of traditional peasant economies are now more orientated towards the market and the cultivation of cash crops. The posited evolution of the Paraguayan minifundista into an agrarian proletariat is the subject of much debate.[88] Historically, two factors have especially delayed proletarianisation in Paraguay. The first has been the

general availability of land, and the second has been the state-administered colonisation programme of 'campesinación', which sought to involve more small producers in the market economy, but to keep them as minifundistas. While small-holders still make up an estimated 60% of cotton production, the state policy is increasingly under threat from the increasing demand for wage labour by agro-industrial companies operating in the Central and Eastern Regions. But, at the same time, the capacity for such agro-industries to incorporate large numbers of workers is known to be limited. The only assertion that can be made with any certainty is that the potential for conflict, especially in the EBR, between Paraguayan minifundistas, Brazilian colonists and agribusiness interests is high, although at present that conflict has not made a large political impact.[89]

In conclusion, the situation in the EBR is one of five pointers to the long-term evolution of Paraguayan politics. The other four are: 1) Paraguay's closer identification with Brazilian interests and the possibility of unleashing a nationalist backlash; 2) the problem of the price and use of Itaipú's electricity and the delay in the construction of Yacyretá; 3) the increasing complexity of resolving the conflicts associated with the emergence of new social pressure groups from within the dominant classes; 4) the task of maintaining economic growth within the present context of an inefficient capitalist system and powerful contraband operations. If Stroessner shows the same political skill in adapting to these new internal and international conditions, the most significant determinant of his continuismo may yet prove to be his reported ill health.

NOTES

1. Paraguay won the war, but yielded territory in the West of the Chaco, which is now the centre of Bolivia's petroleum industry.

2. For a full account of the Febrerista reforms, see P.H. Lewis, The Politics of Exile (University of North Carolina Press, 1965), pp. 50-3; for the party's antecedents and genesis, pp. 3-40.

3. P.H. Lewis, Paraguay under Stroessner (University of North Carolina Press, 1980), pp. 22-24.

4. J. N. Morínigo, 'Estructuras de poder y fuerzas en el proceso politico a partir de la pos-guerra del Chaco' (Criterio no. 2, Segunda Epoca), p. 16.

5. Ibid., p. 17.

6. Ibid., p. 19.

7. The sectoral breakdown was:

	1950	1956 (% of exports)
1. Wood	26.2%	28.3%
2. Tannin	15.4%	14.8%
3. Cotton	24.6%	13.5%
4. Meat	6.4%	12.5%

Cited in F. Chartrain, 'L'iglèse et les partis dans la vie politique du Paraguay depuis l'independence' (Ph.D. thesis, University of Nantes).

8. J.L. Castro, 'Las relaciones Estados Unidos - Paraguay bajo la administración Carter' (Revista del CIDE, no. VI, Mexico 1979).

9. The precise formulation of Stroessner's manoeuvrings is hard to follow. Lewis, Paraguay under Stroessner, chs. 5 and 6, argues that Stroessner used the support of the democráticos, and the fall of Perón to oust Epifanio Méndez in 1956, then encouraged the rise of the brutal Guionistas around the civilian Ynsfrán, first to purge the army of Epifanistas, secondly to subdue the democráticos, and finally to squash the popular opposition that started to emerge around 1958. R. Harris, 'Stroessner's rise to power 1948-59' (unpublished paper, 1982) supports the interpretation of the years after the coup, but disagrees with Lewis' account of the coup itself. The latter fails to realise that the agreement between Stroessner and Méndez was a loose one, and that they headed two different groups. This is corroborated by reports that Stroessner deliberately held back until late on 4th May (the day of the coup) before deciding to support the coup. Thus, in different circumstances, Stroessner might not have moved to keep his side of a loose arrangement with Méndez. Both authors, though correct to stress the high degree of interpersonal bargaining in the period, fail to give due weight to important conflicts over the economy. Whatever the exact nature of Stroessner's manipulation, it is clear that his political ascendency in this early period was due to a

large degree to his remarkable dexterity in playing off political factions by masterly inactivity, then decisive activity at moments of peak strength. His main sources of opposition, namely his opponents within the Colorado party, the students, some military officers, and the trade union organisation, were picked off one by one and not allowed to combine forces.

10. On a practical level, it would be difficult, for example, for a military faction to come to power without the Colorado 'pyragués' (literally, 'people with hair on the soles of their feet', basically informers) knowing about their plans for such a coup. Likewise, the leaders of the Colorado party would find it difficult to rule without the support of the military. Thus, although there are clearly 'personalist' and 'military' elements to the Stroessner regime, it is a mistake to label Paraguay simply a 'military dictatorship'. The ubiquity of the Colorado party through its insertion into every important social group and class, its capacity to mobilise large-scale support at key moments, its armed 'anti-communist' vigilante groups (the py-nandí) and the internal organisation of the party together mean that Paraguay approximates more readily to the empirical features of West European fascism than those 'bureaucratic-authoritarian' regimes to which the term 'fascist' is so readily applied. However, to label Paraguay a sub-form of fascism ignores the participation of those political parties who agree to offer no threat to Stroessner. It would be necessary to argue that those parties are only allowed to exist because of pressure from the United States, which may have some validity given the historical process of the early 1960s. However, H. Weber's characterisation of the Somoza system seems more pertinent to an understanding of the Paraguayan system: 'the political system never acquired the features of a one-party or fascist totalitarian system. The Conservatives were tolerated in so far as they did not pose a threat to Somoza, and the dictator even granted them seats in Congress and ministerial positions as a reward for their complicity in the practice of continuismo.' H. Weber, Nicaragua, the Sandinist revolution (Verso Editions 1981), p. 19. Yet, at the same time, comparisons with Somoza need to be qualified; Stroessner has not set up a family dynasty to the same extent as the old Somocista empire; Stroessner's fortune, though undoubtedly huge, allows for the participation of others, and thus avoids some of the problems of competencia desleal; finally, Stroessner is not set up and maintained by the U.S. to the same extent.

11. Lewis, Paraguay under Stroessner, pp. 95-100, and Latin America Bureau, Paraguay: Power Game (London, 1980), p. 29.

12. For a fuller picture of the patterns of migration, see Luis A. Galeano, 'La diferenciación socio-económica en el campo y las migraciones. Paraguay: 1950-1975', in Estado, Campesinos y modernización agrícola (Asunción, 1982).

13. ABC Color, Asunción, November 1974.

14. F. Delich, 'Estructura agraria y hegemonía en el despotismo republicano paraguayo', Estudios Rurales Latinoamericanos (Bogotá, vol. 4, no. 3, 1980) contains a discussion of the figures involved.

15. A. García, 'El minifundio en el proceso agrario del Paraguay hacia un nuevo proyecto de desarrollo rural', Estado, Campesinos y modernización agrícola (Asunción, 1982), p. 105.

16. For a full account, see D. Laíno, Paraguay: Fronteras y penetración brasileña. (Ediciones Cerro Corá, 1977), ch. 4, and R.A. Nickson, 'Brazilian colonisation of the Eastern Border region of Paraguay', (Journal of Latin American Studies, vol. 13, part I, May 1981), pp. 123-5.

17. Land prices had risen from 3,000 guaraní per hectare in 1973 to 40,000 guaraní in 1976.

18. For the failure of the colonisation programme, see Nickson (J.L.A.S., May 1981) pp. 115-8.

19. Morínigo, op. cit., p. 20.

20. For an identification of some of the top military officials at the head of state companies, see Lewis, Paraguay under Stroessner pp. 131 ff; Latin America, 19 November 1971; Newsweek, 24 January 1972; and F. Hicks, 'Interpersonal Relationships and Caudillismo in Paraguay', Journal of Interamerican Studies and World Affairs, vol. 13, no. 1, 1971, pp. 99-100. For the allocation of state 'benefits' see D. Laíno, Paraguay: Represión, Estafa y anticomunismo (Ediciones Cerro Corá, 1979), passim.

21. Lewis, Paraguay under Stroessner, p. 203.

22. C. Treferne, The Paraguayan Communist Party and the guerrilla strategy of the early 1960s (Prensa Libre, Portsmouth 1982), pp. 15-16.

23. Ibid., Section IV.

24. This failure to modernise the Paraguayan economy makes an interesting comparison with those Central American countries which also received massive inflows of aid from the United States in 1960s, especially in infrastructure projects, in an attempt to create autonomous and industrialised countries believed to be necessary for liberal democracies. Although the United States failed to create a 'national bourgeoisie' with its own economic project or political independence (basically because the major part of domestic industrial capital came from the landed oligarchy), nevertheless industrial production in many Central American countries did improve its share of GDP. In El Salvador, for example, from 1959-69, industrial production doubled and rose from 14 to 19.6% of GDP, although by 1970 the manufacturing sector had reached its limits. The legacy of such industrialisation may not have been a liberal democracy, but it did have a lasting effect on the expansion of the working class, as many of the traditional sectors absorbed a newly-forming proletariat in the cities. This is one of the main reasons why the left in

El Salvador and its neighbours have made such political headway, while the influence of the left in Paraguay is still small.

25. Comparisons with Brazil's economic miracle are not idle, as Paraguay's declared liberal economic policy throughout the 1970s masks important similarities with Brazil's economic model, rather than with the monetarist policies of Chile and Uruguay, especially in terms of the state's heavy involvement in certain projects and the two main driving sectors behind the economic growth; see A.W. Hill, 'Paraguay's Brazilian miracle: Evolution and prospects' (unpublished paper, London 1982), pp. 8-11.

26. ADELA Investment Company, for example, had extensive investments in Paraguay; see R. Leiva, Paraguay subdesarrollado (Buenos Aires 1975), pp. 151-5.

27. Some idea of the increase in the magnitude of private investment can be gained from a study of the amount of dollars approved by investment law no. 550 for the years 1970-80. The figure for the period 1970-73 averaged 8.5 million dollars p.a., compared with an average of 170 million for the years 1977-80, a sum 2,000% greater; see Hill, Paraguay's Brazilian miracle, p. 12.

28. Gulf and Western, with no previous investment in the Southern Cone, led the way with the purchase of 60,000 hectares in Alto Paraná, for the installation of an agro-industrial complex devoted to the large-scale production of soya, maize and other crops. For a fuller list of multinationals involved in agribusiness, see Síntesis, Año III, no. 17, p. 16, and for a full list of foreign investment, see Banco Paraguayo de Datos, Lista de inversiones extranjeras en el periodo 1974-80 (Asunción 1980).

29. D. Laíno, a Paraguayan economist and politician, sees Brazil's intentions as fulfilling the doctrine of fronteras vivas associated with General Golbery do Couto e Silva; see Paraguay, Fronteras y penetración brasileña. Marxist authors emphasise Paraguay's position as an economic satellite of Brazil. It is not within the scope of this paper to discuss the validity of various concepts of economic imperialism. However, at least in terms of the allocation of benefits of Itaipú and Brazilian capital penetration, there can be little doubt that Brazil and the multinationals will gain from what can only be regarded as a surrender of Paraguayan national interests; for a discussion of the relative benefits, see A. Miranda, Apuntes sobre el desarrollo paraguayo, tomo 1 (Asunción, 1979), p. 283.

30. For a fuller account, see Nickson, 'The Itaipú Hydro-Electric Project: The Paraguayan perspective' (Bulletin of Latin American Research, vol. II, no. 1, October 1982), pp. 3-6.

31. Paraguay Economico, vol. III no. 25, 4-6, and vol. III no. 29, 4-8.

32. Laíno, Paraguay, Fronteras y penetración brasileña, p. 224.

33. Latin America Weekly Report (WR-81-43 London, 30 October 1981), p. 9.

34. Latin America Economic Report, no. 21, London, June 1978.

35. Paraguay Economico, vol. II no. 13, p. 3.

36. The influx of Brazilian colonists is described by Laíno, Paraguay, Fronteras y penetración brasileña and analysed by Nickson, J.L.A.S., May 1981. The factors involved are (i) the failure of the IBR's colonisation programme in the 1960s to supply land titles, technical, marketing and credit assistance to colonists removed from the supposedly overcrowded central regions (which left most of them continuing to live under subsistence conditions); (ii) the improvement in communications and transport between Brazil and Paraguay and within the Eastern region; (iii) the Paraguayan government's repeal in 1967 of the Agrarian Statute that prohibited the sale of land to foreigners within 150 kms. of the frontier; (iv) important changes within the structure of Brazil's soya production in the western state of Paraná (namely, the necessary minimum land area for soya cultivation reached 125 hectares, thus displacing farmers with less than 50 hectares); and (v) the disparities in land prices (by a factor of 7), credit availability, and taxation systems (income tax is virtually non-existent in Paraguay).

37. Laíno, Paraguay, Fronteras y penetración brasileña, pp. 74-7.

38. Ibid., p. 221.

39. Paraguay: Power Game (L.A.B., London 1980), p. 48.

40. Hill, Paraguay's Brazilian miracle, p. 13.

41. For a fuller account of the criticism of the treaty, see A. Miranda, op. cit., pp. 279-82, and Nickson, 'The Hydro-Electric Project', pp. 7-9. For a reproduction of the debate in the two houses and in the Paraguayan press, see E. E. Gamón, Itaipú; aguas que valen oro (Argentina, 1975).

42. Latin America, vol. VII no. 29, 20 July 1973.

43. The problem of the possible benefits to Paraguay is discussed more fully in R. Canese, Ideas preliminares sobre el qué hacer con la energía de Itaipú (Asunción, 1980). For a discussion of Canese, see Nickson, 'The Itaipú Hydro-Electric Project', pp. 12-16.

44. Journal of Commerce (25 January 1983).

45. Ibid.; and The Guardian (London, 13 January 1983).

46. A.W. Hill, 'Church-State Relationships in Paraguay' (forthcoming publication for the British Council of Churches, London), pp. 11-12.

47. The most infamous case was that of the Uruguayan father Uberfil Monzón, who was kidnapped and tortured by the Paraguayan police.

48. Hill, Church-State Relationships in Paraguay, p. 18.

49. R.R. Milesi, Sintesis, Epoca II, año V, no. 20-1, 10-6.

50. For a fuller account, see Comité de Iglesias Oñondivepá (Asunción 1982),pp. 149-176. Some documents specifically rejected Communism, as being 'godless and absolutist', and advocated a new 'socialism, based on faith and reality'. Ibid., p. 164 .

51. Ibid., p. 167.

52. The norm for repression was set as early as 1973 when armed bands of Colorado py-nandí were sent to break up the hundreds of Ligas members occupying the churches of Coronel Oviedo. The worst example of repression came in 1975 when anti-guerrilla troops led by Coronel Joaquín Grace destroyed the co-operative at Jejúi. Eight peasants were shot, one priest was wounded and all 300 inhabitants arrested.

53. Two of O.P.M.'s leaders were killed in Asunción in April 1976, and this was followed by a nation-wide arrest of at least 3,000 peasants and 200 students (Latin America, vol XI, no. 18, 13 May 1977). The final blow to the O.P.M. came in January 1978 with the death of Jorge Agustín Zábala Esquivél.

54. Hill, Church-State Relationships in Paraguay, p. 23.

55. Lewis, Paraguay under Stroessner, carries a description of the repression against the Ligas, but little analysis for their failure. Milesi, Sintesis no. 20-1, and Comité de Iglesias, Oñondivepá contain the best overview. The following account of the possible reasons for the failure does not address the problem of the possible infiltration of the O.P.M.

56. Castro, op. cit., p. 287.

57. Hill, Paraguay's Brazilian miracle, p. 23.

58. Paraguay: Power Game (L.A.B., London 1980) p. 32.

59. Lewis, Paraguay under Stroessner, p. 191.

60. Milesi, op. cit., p. 11.

61. For a self-evaluation of O.P.M., see Sintesis, Epoca II, año V, nos. 22 and 23.

62. Castro, op cit., p. 288.

63. The PDC has never been recognised by the electoral board because of its failure to achieve the registration of 10,000 members.

64. These were General Andrés Rodríguez, head of the cavalry, General Patrício Colmán, head of the 14th cavalry regiment (both of whom had made their fortunes from cigarette and whisky smuggling in the 1960s) and Pastor Coronel, head of 'Criminal Investigations'.

For a fuller account see Lewis, Paraguay under Stroessner, pp. 136-7; Latin America Political Report (November 1973); and Time magazine, 28 August, 1972.

65. Lewis, Paraguay under Stroessner, p. 137.

66. More specifically, the ambassador protested over the arrest of Domingo Laíno, leader of the PLRA, the closing down of the newspapers La Tribuna and Ultima Hora, and the arrest of leading Colorado dissident Dr. Mario Melgarejo. The Minister for the Interior was quoted as saying 'Robert White thinks our country is an estancia, and he the capitáz'.

67. The numerical reduction masks the facts that (i) the system of repression remained, and remains, institutionalised; (ii) the pattern of arrests changed from long- to short-term detentions; and (iii) one million (out of a total population of three million) Paraguayans continue to live in exile, many for political reasons. For a complete description, see Mbareté, Report on the denial of Human Rights in Paraguay, the 3rd Commission of Enquiry of the International League for Human Rights (May 1980) and the conclusions of the ICDH-OEA report of 1979. For the changing pattern of human rights violations, see Amnesty International Yearbooks 1977-82.

68. For evidence that it was Stroessner's final decision, see Latin America Economic Report vol. V, no. 48, p. 237; an account of the controversy, and the dispute between Argentina, Brazil and Paraguay over the final level of the Paraná, is found in Latin America Economic Report vol. IV, nos. 20, 24, 35; vol. V, nos. 45, 48; and vol. VI, nos. 6, 17, 25, 38, 39, 43.

69. Lewis, 'Paraguay under Stroessner', p. 156.

70. G. Black, The triumph of the people (Zed Press, 1981), ch. 5.

71. N. Poulantzas, The crisis of the dictatorships (Paris, 1975), pp. 46-7.

72. Paraguay Económico, Asunción, vol. II, no. 18.

73. Castro, op. cit., p. 293.

74. R. Medina, 'Paraguay y Brazil, el mito del desarrollo integrado', Cuadernos, Revista Argentina de Ciencias Sociales, no. 1 (Paris, 1979), p. 113.

75. Hill, Paraguay's Brazilian miracle, p. 15.

76. For example, Stroessner's son-in-law is known to have extensive interests in the light engineering, electrical and construction sectors.

77. General Rodríguez, widely tipped successor to Stroessner and posited leader of the 'modernising sector', made his fortune in the shadow of Stroessner himself.

78. For example, J.L. Simon, Régimen político, Estado y clases sociales bajo la dictadura de Stroessner (unpublished paper, 1980), pp. 23-4.

79. For an expanded version of the two positions, see Paraguay Econômico, vol. 1, no. 12, 'Industrializar o exportar: dos maneras para imaginar un país'.

80. cf. Nickson, 'The Itaipú Hydro-Electric Project', pp. 24-8; and Hill, Paraguay's Brazilian miracle, pp. 37-43.

81. Hill, Paraguay's Brazilian miracle, p. 40.

82. Ibid., p. 42.

83. Latin America Regional Report (RS-82-04) p. 5.

84. See especially the exchange of views between José de los Rios, Sintesis, año III no. 16, and R. Medina in Sintesis, año III no. 18. Jose de los Rios sees a clear distinction between the conservadores who grew up under Stroessner himself and who benefit from smuggling and monopolies in certain sectors of the economy, and the renovadores like the Zucollilo group, La Tribuna, Blas Riquélme (President of U.I.P.) and General Rodríguez, favourite to replace Stroessner. This latter group are labelled also colorados de la transicíon and have some support from high Colorado Party officials (like Saul González, Juan Manuel Frutos, and Oscar Zacarías), 'professional' sections of the army and some members of the Acuerdo Nacional. R. Medina, while accepting that such a division may exist, stresses that the similarities are far greater than the differences in terms of their joint interest in a greater insertion into the world economy without any 'structural reform'. This may be true, but it does not preclude the possibility of important differences between the two groups.

85. Oscar Zacarías, a high Colorado official, has recently been quoted as saying that without Stroessner the Colorado Party would split into 20 factions (Latin America Regional Report (RS-82-05), London, 25 June 1982). Not least of the problems for the unity of the Colorado Party will be the 'grassroots' dissident faction led by Dr. Mario Melgarejo.

86. For a fuller discussion of this important area, see Hill, Paraguay's Brazilian miracle, pp. 33-5, and Latin America Regional Report (RS-81-10), London, 18 December 1981, p. 6. One of its more unusual manifestations was the government's recent decision to reduce taxes to increase the revenue to the state, in the hope that 'traders' would thereby register more of their goods.

87. There are at least historical precedents for 'personalists' overseeing higher stages of capitalist growth. The Somoza dynasty remained in power throughout the economic changes associated with the formation of the central American Common market in the 1960s.

88. For the complex transition from peasant to proletarian in the Paraguayan countryside, see D. Rivarola (ed.) Estado, campesinos y modernización agrícola (Asunción, 1982), and Banco Paraguayo de Datos, Aportes para el estudio del proceso de desarrollo socio-economico del sector rural (Asunción, 1980).

89. The background to the rise in agrarian conflicts in the Eastern Region is given in T. Gutierrez, Sintesis III, no. 17, 14-20.

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