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Colorado Maintains Hold on Power

by LADB Staff

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Paraguayan voters who went to the polls on April 27 opted to stay with the party that has been in power since 1947 longer than any other party still in power in the world.

Nicanor Duarte Frutos, candidate for the governing Asociacion Nacional Republica (ANR, Partido Colorado), won handily, taking 37.3% of the vote. Voters also chose a vice president, 45 senators, 80 deputies, 17 governors, and 191 departmental officials. Paraguay, with a population of 5.9 million people, has 2.4 million registered voters. Although voting is compulsory, indications following the election were that no more than 60% of eligible voters went to the polls.

Julio Cesar Franco of the Partido Liberal Radical Autentico (PLRA) came in second with 23.8% of the votes, while Pedro Falud, a wealthy banker and independent founder of the Patria Querida movement, placed third with 21.7%. Guillermo Sanchez Guffanti of the Partido Union Nacional de Ciudadanos Eticos (PUNACE) took a surprising 13.2%. Under Paraguay's electoral law, only a simple majority of the valid votes cast is needed to win the presidency.

Outcome widely anticipated

After the Tribunal Superior de Justicia Electoral (TSJE) banned from the election Lino Oviedo, the exiled leader of PUNACE who is considered the most popular person in Paraguay, Duarte's victory was expected. Oviedo is wanted in Paraguay on charges of planning the 1999 assassination of Vice President Luis Maria Argana (see NotiSur, 1999-03-26). Sanchez was seen as a substitute for Oviedo.

The 46-year-old Duarte is married to biochemist Maria Gloria Penayo, with whom he has five children. He has graduate degrees in political science and teaching and was a journalist for the Paraguayan daily Ultima Hora between 1981 and 1991. He joined the Partido Colorado when he was 14 and was elected head of the party in 2001. Duarte was minister of education and culture from 1993 to 1997 and again from 1999 to January 2001.

During the campaign, Duarte presented voters with "60 concrete solutions" to the nation's problems. He said they would be financed through economic growth and better use of state resources. He promised to guarantee quality education for all, provide a massive adult-literacy program, build new middle schools, and provide scholarships to poor youth. He also said he would improve access to health care and other services, increase social-security coverage, and reduce poverty.

Among the programs to combat poverty, he said he would implement a Plan Nacional de Lucha contra la Pobreza to strengthen the economy of campesino families, improve productivity, marketing, and other aspects of rural life. In his victory speech, Duarte dropped the often combative tone of the campaign, praising his opponents' efforts in what was the strongest opposition

showing in Paraguay in decades. He appealed to opposition leaders to join him in a national unity government to confront the serious national problems. He promised to combat the rampant corruption that has plagued Paraguay for decades and announced a full reorganization of the customs and internal revenue services, well-known sources of corruption.

The German-based watchdog group Transparency International (TI) ranks Paraguay among the most corrupt countries in the world (see NotiSur, 2002-09-06).

"I want to be a president who recovers the country's credibility, a president who is respected by the international community," said the president-elect. But Duarte's political opponents said that he has protected corrupt politicians. And Fadul said Duarte had benefitted from "the use of the state to influence the state employees and their families," who make up 40% of the electorate.

Franco weighs cooperation with new administration

Duarte invited Franco to consider a post in his government, calling the challenges it faces "a great task of national, political, and economic reconstruction." Franco, who was elected vice president in August 2000 and resigned in October 2002 to run for president (see NotiSur, 2000-08-25, 2002-10-25), rejected the invitation saying he would remain part of the "constructive opposition." He later said he would consider collaborating with the Duarte administration on specific proposals. He said his party would be willing to work with Duarte to combat corruption, but that he would not cooperate on projects that do not go after "statism" and the existing "sinecure system."

Gonzalez Macchi says he will not leave early Duarte will take over the presidency from President Luis Gonzalez Macchi for a five-year term beginning Aug. 15. A group of senators said in mid-April that they believed Gonzalez Macchi should leave office before Aug. 15. Congress president Sen. Juan Carlos Galaverna said the group is convinced that every additional minute Gonzalez Macchi spends in office causes more damage to the country. Galaverna led unsuccessful efforts to have the president impeached in February (see NotiSur, 2003-02-14). He said some senators are studying ways to legally replace Gonzalez Macchi before Aug. 15.

On April 23, Duarte said in a radio interview that he would work to effect the transition in May. If that is not possible, he said, he would form a "shadow Cabinet" on April 30 to "rigorously control" the actions of the present administration. Although Gonzalez Macchi had hinted that he might be willing to leave office early, the day after the election he made it clear that he intends to stay until Aug. 15 and said Duarte would have to wait to begin any new programs until he officially takes office.

Duarte faces major challenges

Duarte's most daunting task will be reviving the economy. The government is essentially bankrupt, struggling to pay state workers' salaries. The economy has hit its lowest level in two decades with the help of Argentina's economic collapse. The economy shrank by 2.2% in 2002, according to the UN's Economic Commission for Latin America and the Caribbean (ECLAC). Official unemployment stands at 18%, but private economists say it is closer to 35%. Hundreds of thousands of Paraguayans

survive as street vendors or work in the informal economy. Poverty afflicts one-third of the population.

Gonzalez Macchi is leaving an alarming socioeconomic picture, with a fiscal deficit of US\$140 million, 3.2% of GDP, in 2002, a foreign debt that went from US\$1.6 billion in 1998 to US\$2.3 billion in 2002, hard-currency reserves that dropped from US\$1.03 billion in 1999 to US\$634 million at the end of 2002, and increasing tax evasion. In 1999, then finance minister Federico Zayas admitted a 67% rate of tax evasion, which by the end of 2002 was estimated to be 73.5%. Inflation also rose from 5.4% in 1999 to 14.6% in 2002, while per capita income dropped from US\$1,552 to just over US\$940.

World Bank economist Peter Hansen says the country is "on the threshold" of joining nations that qualify for special aid under the Initiative for Heavily Indebted Poor Countries (HIPC), like Honduras, Nicaragua, and most of sub-Saharan Africa. Business analyst Patricio Munoz warned that Paraguay faces possible collapse, "given the growing internal public debt, the imminent default on the foreign debt, and the continued increase of the fiscal deficit." He predicted negative consequences of the expected 35% wage increase for public employees and congressional approval for emitting US\$45 million in government bonds to pay for land expropriations. "In this context, this year's fiscal deficit could reach 4% of GDP," said Munoz.

Gonzalez Macchi's government has survived the last few years on a US\$500 million loan from Taiwan, granted in return for support against China at the UN. His administration has been unable to reach a deal with the IMF because lawmakers balked at enacting required legislation (see NotiSur, 2002-12-13), and the government was forced to call off privatization of its telecommunications sector after violent protests (see NotiSur, 2002-06-14).

Duarte will have problems in Congress

Duarte will not find it easy to get his legislative agenda through the Congress. While the Colorados kept the presidency, they lost control of both houses of Congress. Votes were still being counted on Aug. 29, but indications were that the Colorados had lost 10 seats in the 80-seat Chamber of Deputies. Before the election, they had 45 seats, the PLRA had 26, and the Partido Encuentro Nacional (PEN) had nine. PEN, part of the governing alliance, lost seven of its nine seats. In the 45-seat Senate, the Colorados had 25 seats, the PLRA 13, and the PEN seven. The Colorados appear to have lost seven seats, leaving them with 18. The PLRA will have 10, Patria Querida 9, PUNACE 5, Pais Solidario 2, and PEN 1.

Jose Nicolas Morinigo, a political scientist at Asuncion's Universidad Catolica who was seeking a seat in the Senate, said Duarte Frutos would have a tough time striking an alliance with other parties given Paraguay's fractious political culture. "Paraguay's political culture is one of confrontations, not agreements," he said.

Colorado staying power

The Partido Colorado came to power in 1947 through Gen. Higinio Morinigo. Another coup in 1951 put in Gen. Alfredo Stroessner, who remained in power until 1989, when he was ousted by

Gen. Andres Rodriguez. In the first elections after the dictatorship, Rodriguez was the Colorado presidential candidate. He was followed in the presidency by fellow Colorado leaders Juan Carlos Wasmosy, Raul Cubas Grau, and Gonzalez Macchi, who was president of the Senate and became president when Cubas Grau resigned and fled to Brazil (see NotiSur 1999-02-09). Cubas Grau returned to Paraguay last year and remains under house arrest as he awaits trial (see NotiSur, 2002-03-01). Both the PLRA and Patria Querida tried to capitalize on the electorate's discontent as a result of the economic crisis and the widespread corruption, but were unable to defeat the Colorado machine.

Political analyst Carlos Martini told Inter Press Service that the Colorado dominance in Paraguay endures for three reasons. One is the party control of all public administration, which has made it Paraguay's leading employer. Another is the vast social-assistance network established during the past decades. The third is the failure of any opposition group to build leadership and binding alliances to present a viable challenge. "The only time that the opposition was united in an electoral race against the Partido Colorado Party was in 1998, and it lost by just nine percentage points," said Martini.

Historian Milda Rivarola agrees with Martini about the opposition's inability to create an alternative for change. "As soon as the clientelist structure of the state is broken, the Colorados are finished," she said. "That much is clear." The electoral system also conspires against the opposition. "If the system involved a runoff between the two top vote-getters, the opposition would have a much greater chance, given that Duarte Frutos would not win more than 38% of the votes," said Rivarola.

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