5-11-2012

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Recommended Citation
Gaudàn, Andrés. 'Political and Institutional Chaos in Paraguay.' (2012). https://digitalrepository.unm.edu/notisur/14055

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Political and Institutional Chaos in Paraguay

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Category/Department: Paraguay

Published: 2012-05-11

In a pre-election climate that is becoming heated as the different political parties begin to endure the generally exhausting struggle among the leaders who aspire to be their presidential candidates, in April Paraguay experienced a new phase in its recurrent power clashes. This time, the war was between the Senate and the Corte Suprema de Justicia (CSJ) regarding CSJ justices refusing to step down when their term expired and seems to have ended in favor of the latter, but no one yet dares to say or even think that the differences have truly and definitively been overcome.

On a continent that each day shows more pride in its new instruments of institutional democratic structure, it was significant that all sides, including President Fernando Lugo, spoke during the crisis of submitting the dispute to Organization of American States (OAS) arbitration. Various media analysts said that several South American foreign ministries were surprised that a progressive government such as Lugo's would consider allowing interference from the most discredited multinational agency when the region has its own new organizations such as the Unión de Naciones Suramericanas (UNASUR), the Comunidad de Estados Latinoamericanos y Caribeños (CELAC), and the Southern Cone Common Market (MERCOSUR).

The century-old Partido Colorado, which supported the dictatorship of Gen. Alfredo Stroessner (1954-1989), was the first to see the disputes come to the fore among the contenders to be the party's candidate in the April 2013 presidential elections. And the one who took the lead was Horacio Cartes, a shady businessman who has been linked to smuggling, drug trafficking, financing multinational mafias, and money laundering (NotiSur, Oct. 7, 2011).

The Brazilian daily O Globo made the most recent accusation against Cartes, reporting on March 29 that the US Drug Enforcement Administration (DEA) believes that Cartes, together with "members of his inner circle," runs "a money-laundering enterprise, an organization believed to launder large quantities of United States currency generated through illegal means, including through the sale of narcotics, from the TBA [Tri-Border Area] to the United States." Cartes, said the paper, "uses the Banco Amambay, which he owns, located in the TBA," where Paraguay, Argentina, and Brazil come together.

The "others" whom the Rio de Janeiro paper says are being watched by the DEA for their role in the "obscure financial network specializing in legalizing money obtained from illicit activities" are Surinam political and military leader Desiré Delano Bouterse and Brazilian Fernandinho Beira-Mar, who, as head of the Comando Verhelho, was the major drugs and arms trafficker on the continent until his 2001 arrest.

The DEA's interest in Cartes was made public in November 2011, when several South American newspapers began to publish the secret US diplomatic cables released by WikiLeaks. In a Jan. 5, 2010, cable, Cartes is identified as the head of a money-laundering organization within the TBA. The Paraguayan daily ABC Color mentioned a previous cable dated Aug. 27, 2007, in which the US Embassy in Asunción mentions negotiations regarding money laundering between Cartes, as owner of Banco Amambay, and a former president of the Banco Central de Paraguay (BCP).
The newspaper also alludes to a third cable, the date of which was not known, in which Cartes is linked to "one of the most powerful men" in the Mexican Sinaloa drug cartel, who was detained in Paraguay when he went to meet with the now-presidential hopeful of the Partido Colorado.

The WikiLeaks cables seriously damaged Cartes' reputation. ABC Color and the Web site E'a said his illegal operations were confirmed during Operation Heart of Stone, a coordinated transnational investigation approved as a Consolidated Priority Organization Target (CPOT), involving several US agencies, which reportedly dismantled an important drug-trafficking association that operated in the TBA. The investigation, which ended in April 2009, was coordinated among several US agencies, including Immigration and Customs Enforcement (ICE), the Internal Revenue Service (IRS), and the Counter-Narcoterrorism Operations Center (CNTOC). It also received advice from the Federal Reserve and the US Treasury Office of Foreign Assets Control (OFAC).

Since then, Cartes has been suspected of laundering money through Banco Amambay, trafficking drugs to the US market, and selling illegal tobacco products, also from Paraguay to the US. In addition to Banco Amambay, the popular soccer club Libertad, and vast land holdings, Cartes owns tobacco companies Tabacalera del Este and Tabacos del Paraguay.

ABC Color, a rightist paper that does not differ politically with either Cartes or the Partido Colorado, has nevertheless sought to "destroy" the image of the powerful businessman turned presidential hopeful. Besides accusing him of "buying" Colorado leaders to modify party bylaws in his favor, the paper reported that, "in March 2000, the Dirección Nacional de Narcóticos captured 343 kg of marijuana and 20 kg of cocaine from a plane that landed in the fields of La Esperanza, one of Cartes' largest haciendas." It added that, in the 1990s, "another of his haciendas had made headlines because a plane was downed there that was transporting 210 kg of crystalized cocaine [crack]."

Cartes' interest in politics dates back to November 2009, when he formed a faction within the Partido Colorado called Honor Colorado. His faction's Web page says that "he became a Partido Colorado activist, concerned about the country's direction under the leftist, liberal, Chavista government" of President Lugo.

**PLRA holds secret primary survey**

In the Partido Liberal Radical Auténtico (PLRA), the largest of the 19 groups that made up the now "frozen" Alianza Patriótica para el Cambio (APC), the coalition that brought Lugo to power, the fight to become the party's presidential candidate began in an unprecedented way. On April 1, 60,000 people chosen to participate were visited individually and asked their preference from among four candidates. The survey was secret; they deposited their votes in a ballot box, just as if it were a real election. In jest, the other parties called the process "the Liberals' ballot-box delivery."

Beyond that peculiarity, the survey had two notable results. The first was the absolute defeat of Vice President Federico Franco, a man who turned toward the extreme right, who worked constantly to destabilize the government *(NotiSur, Dec. 11, 2009)*, who became Lugo’s enemy, and who is the principal instigator for the PLRA to break with the president, even knowing that the demise of this political alliance would only serve to ensure the electoral victory of the most conservative, ultraright groups, represented by the Partido Colorado. Franco received less than 8% of the votes.

The second outcome was that, of the four potential candidates, the two who together took more than 76% of the PLRA vote—Blas Llano, party president, and Sen. Afraín Alegre, in that order—are
in favor of reactivating the alliance with the sectors closest to Lugo, those most representative of Paraguay's progressive movement.

Like the other parties, the Frente Guazú, the group ideologically closest to Lugo—a former Catholic bishop who always carried out his ministry among the poorest and campesinos, also lacks charismatic leaders who can draw large crowds as Lugo did in the April 2008 elections. There are three hopefuls.

Partido Colorado president Lilián Samaniego expressed her willingness to run, but she knows she has no chance given the economic situation and the need to "buy" volunteers, as ABC Color described it, which only someone as powerful as Cartes can do.

CSJ out of control

Amid this political turmoil, the arbitrariness of the CSJ, the most discredited branch of government, resurfaced. "It is a den of thieves," said a communiqué from the Frente Guazú. "Very questionable people," said Interior Minister Carlos Filizzola. "We are never going to have the democracy that we deserve because this court is a fraud, a terrible sum of dishonesty," said Sen. Abdón Sanguier.

All these opinions were expressed when the CSJ judges declared themselves "irremovable" and refused to step down after a clear majority in the Senate said that they would have to leave their posts since they were two years past the end of their five-year term. Those dubious judges said that they would turn to the OAS's Inter-American Court of Human Rights (IACHR) if they were not ratified in their positions.

The senators said they would also appeal to the IACHR, and Lugo, from whom another decision was expected, was fine with both sides and blessed the good offices of the OAS organization that in the end was not used. For now, everything has ended with a decision by the Consejo de la Magistratura, which, in a split decision, rejected the Senate vote and ruled that the justices were both worthy and, in their words, "irremovable."

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