8-31-2012

Paraguay's De Facto President Federico Franco Finds New Role More Difficult Than Expected

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Recommended Citation
Ten weeks after Paraguay's constitutional President Fernando Lugo was toppled (NotiSur, July 13, 2012), the methods, forms, and ways of speaking in Paraguay have changed. As in the time of the dictatorship of Gen. Alfredo Stroessner (1954-1989), the daily newspapers have gone back to using adjective-laden language more appropriate to the years of the Cold War (Red, Bolshevik, Marxist, Stalinist, Fidelista) to describe those who defend the democratic government overthrown on June 22 in an "impeachment" that lasted 270 minutes. In Congress, legislators of the rightist parties sprinkle their speeches with more modern epithets, such as Chavista or Bolivarian, when referring to the Venezuelan political process.

Argentina, Brazil, and Uruguay are, along with Paraguay, the full members of the Southern Cone Common Market (MERCOSUR). They suspended the Asunción government from the integration organization until democracy is re-established and are now among the targets for attack. In this short period, it has also become clear who the "powers that be" are that promoted the coup and who are the domestic and foreign beneficiaries of policies that can be implemented by former vice president Federico Franco, the man who eagerly took Lugo's place.

Franco was at odds with Lugo since 2008, when they ran together on the electoral ticket that defeated the Partido Colorado (Asociación Nacional Republicana, PC), which had supported Stroessner and dominated Paraguayan politics for more than 60 years (NotiSur, Dec. 11, 2009, and Feb. 19, 2010). During the 46 months of the Lugo administration, Franco frequently and openly supported "a change," his euphemism for a forced ouster of Lugo, come what may, and he said he was "prepared to replace the president."

Grass looked greener before coup

On June 22, when Congress toppled the constitutional government, Franco moved into the position he had so coveted. What he failed to take into account was that the three main rightist parties—the Colorados, the Unión Nacional de Ciudadanos Éticos (UNACE), and the Partido Patria Querida (PPQ)—staged a coup not to benefit him and his Partido Liberal Radical Auténtico (PLRA) but rather to reposition themselves with eyes on the April 2013 presidential elections and try to rid the field of any candidate that Lugo might back.

Thus, since the days following the coup, Franco and the PLRA have been left alone with a clear minority in the legislature. The Colorados, the dominant party in both houses of Congress, gave the PLRA only one minister in a 13-person Cabinet, and they withdrew their legislators from the chamber when Congress named Óscar Denis to be vice president until the 2013 elections.

Isolated, Franco is trying to shore up his democratic credentials by making what former interior minister Rafael Filizzola called "blunders," in convoking, nine months early, the 2013 elections, requesting the Organization of American States (OAS) to send an observer mission to supervise
those far-off elections, and threatening to hold a referendum to "let the people decide" whether Paraguay should remain a member of MERCOSUR.

**Nepotism charges after just two weeks in power**

While the weeks since the coup have seen a scramble to take over mid-level positions in the administration, with all political parties participating equally, some defining insights regarding Franco's personality and ambitions were evident alongside the purge of pro-Lugo officials. The sectors that brought him to office are those that now are criticizing him, and the principal charge is nepotism—exemplified in three incidents that Franco has admitted.

On June 29, a week after taking power, Franco named his sister-in-law Mirtha Vergara to represent Paraguay in the agency that administers the binational (Paraguay-Brazil) Itaipú hydroelectric power plant. It is a coveted position that the other pro-coup parties wanted for one of their members. Next, Franco had to justify naming his cousin Víctor Raúl Rivarola to head the Secretaría de Acción Social, which controls all funds designated for assistance programs for the needy. Finally, he had to curb the impulsiveness of his wife, Deputy Emilia Alfaro, who told her colleagues that Franco had assigned her to be the liaison between the executive and the legislature, a role that constitutionally belongs to the vice president, not a figurehead first lady.

In all three cases, Franco had to explain, insisting that "this will not happen again" and apologizing. The Colorados were the toughest with him. Horacio Cartes, the party's leading presidential hopeful, reminded Franco during a campaign appearance that "the presidency is for the good of the country and not to benefit friends and relatives."

Lilián Samaniego, head of the PC and also a presidential hopeful, was even more direct, saying, "We're in an election year, and it's not in our interest to support Franco, but we do have the duty to criticize his controversial decisions morally and ethically."

Society has also gone after Franco for what the pro-Lugo Frente Guasú calls "treason" and "disloyalty." On June 23, when he celebrated his 50th birthday, they wished him "an unhappy birthday," and Twitter was filled with invitations "to celebrate the birthday of Florerico." The invitations suggested bringing him a flower vase as a gift, in a play on words combining his name Federico and florero (vase, something purely decorative), a word often used to describe vice presidents.

Demonstrators tried to give Franco a cake inscribed with "Get out, Florerico," but they were unable to do so, and many were arrested because since June 22 protests near the seat of government have been banned. On Aug. 15, when the country celebrated the 475th anniversary of the founding of Asunción, demonstrators were less subtle. "Get out, coup leader Franco," they shouted when he placed a wreath in the Panteón de los Héroes.

**International mining interests back Franco**

In addition to the Partido Colorado and the national soy producers linked to agroindustry, analysts say that, as time goes on, the large multinationals and mining interests will be the principal beneficiaries of the coup. "The new government is expressing itself with more clarity regarding the unrestricted entry of foreign capital," wrote Asunción correspondent José Vera in the Uruguayan magazine Brecha.
The Cabinet unanimously gave its support to the arrival of Rio Tinto Alcan, the huge Canadian aluminum mining company. Vera wrote that its representative in Paraguay is lawyer Diego Zabala, the new vice minister of industry. Other Canadian mining companies, such as Latin American Minerals, Inc., have expressed interest in exploiting uranium, gold, and titanium mines.

The Canadian government was the second to recognize Franco's government. Canada's marked interest is outlined in a March 2010 report, in which the state Dirección de Recursos Minerales (DRM) examines the country's mining potential. The report said that "the most important commodity is gold," but added that there is "promising potential with uranium present in important quantities throughout the eastern region." Although the size of the deposits has yet to be determined, the DRM said at the time, "Gold and uranium have awakened the interest of many companies," adding that "the presence of base metals, such as nickel, chrome, and diamond ore, is also important." Finally, it said that "alkali-rich high-pressure volcanic rocks could prove the existence of diamond-ore potential in Amambay," a central-eastern department.

Given the de facto government's international isolation—it did not receive the backing it expected from the OAS and the EU—Franco is trying to bring the country together by appealing to extreme nationalism, and to do so he attacks MERCOSUR, going so far as to threaten to hold a plebiscite in which, alongside the April 2013 presidential elections, Paraguayans would vote on whether to remain in the integration organization.

But Franco knows that on that score he is in a bind as well, as an attempt to break with MERCOSUR goes against very powerful domestic interests. Statistics show that 55% of Paraguayan exports go to MERCOSUR partners. Brazil is the main market for Paraguay's meat, cereal, and oilseeds.

Paraguay's second source of income is the sale of electricity to its two giant neighbors with whom it shares the binational power plants of Itaipú and Yacyretá (with Argentina), which is why Franco's threat to leave São Paulo (the major Brazilian industrial center) and Buenos Aires (the Argentine capital) without electricity is meaningless.

In addition, because it is a landlocked country, all of Paraguay's exports leave through the ports of one or the other neighboring countries, and it cannot risk economic sanctions. This also explains why the presidents of Argentina, Brazil, and Uruguay decided only to suspend Paraguay and not strip it of MERCOSUR benefits or expel it from the organization.

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