5-10-2013

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Horacio Cartes' Victory Returns Partido Colorado to Power in Paraguay

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Category/Department: Paraguay
Published: 2013-05-10

As if the political parties and candidates had been merely performing a screenplay, Paraguay's April 21 presidential election played out according to the script, as the pollsters and analysts had predicted. The traditional Partido Colorado (Asociación Nacional Republicana, PC), without new leaders and with the old vices that tied it to the most diverse forms of corruption, returned to power with the election of Horacio Cartes for a five-year term (NotiSur, Jan. 18, 2013, and March 29, 2013). The 56-year-old Cartes, a wealthy businessman and political neophyte, voted for the first time in his life in this election.

Efraín Alegre, the candidate for the Partido Liberal Radical Auténtico (PLRA), came in second. He and Cartes were the two ideologues of the coup (NotiSur, July 13, 2012) that ousted democratically elected President Fernando Lugo on June 22, 2012. The progressive movement, which ran Lugo as its candidate in 2008 to end 61 years of Colorado hegemony (NotiSur, April 25, 2008), finished its short-lived moment of glory divided into two factions that together received barely 9% of the vote.

Corruption has thus been reinstalled at the center of the country's political scene, and the president-elect is the principal actor in that drama that corrodes and denigrates the country.

Denunciations of corruption began with the electoral campaign. Cartes and Alegre traded accusations of the worst economic crimes: drug trafficking, smuggling, tax evasion, money laundering. On April 10, 11 days before the election, the Senate ousted its president, Jorge Oviedo of the Unión Nacional de Ciudadanos Éticos (UNACE). He was accused of trading his party's support for the PLRA candidate in exchange for the state's purchase of 5,742 hectares of his family's land. The government of de facto President Federico Franco, of the PLRA, paid US$11.5 million for land reportedly not worth more than US$8 million.

On April 17, the Senate suspended one of its members, Colorado Sen. Silvio Ovelar, for 60 days after he was filmed negotiating the vote buying with two PLRA leaders. On behalf of Cartes, he offered to pay them the equivalent of US$25 for each PLRA member they persuaded to vote for the PC.

The same day, a street vendor of herbal medicines and the mother of six children said that she had sold her vote "to Cartes' people, because with the 100,000 guaraníes [US$25] that they paid me, I can feed my children twice."

In that context, former Costa Rican President Óscar Arias (1986-1990, 2006-2010), head of the Organization of American States (OAS) observer mission for the elections, surprisingly said, "Paraguay is not Venezuela, here there will be transparent elections in which the people will elect their leaders freely, according to their conscience."

Cartes has long history of corruption allegations
Cartes' image emerged badly damaged from the dance of denunciations. He was considered corrupt since the November 2010 day he joined the Partido Colorado and founded the Honor
Colorado (HC) faction, not by chance with the same initials as his own. "The era of political pornography in our party began that day," said former President Nicanor Duarte (2003-2008).

"With nothing but cash, he bought the leaders so that they would change the party bylaws to allow him to run for president," said a Colorado caudillo from the eastern department of Alto Paraná.

Cartes heads a conglomerate of 25 businesses involved in finance, ranching, tobacco, beverages, and even sports (through Paraguay Soccer Sociedad Anónima, he owns the Libertad soccer club). At the head of the holding company is Banco Amambay, accused in Paraguay and abroad of laundering money from drug trafficking and smuggling.

A Jan. 5, 2010, US diplomatic cable released by WikiLeaks said that Cartes was being investigated for money laundering and for trafficking drugs destined for the US. The Paraguayan daily La Nación published the cable on April 19 and added that, in 2000, the local anti-drug agency seized 300 kg of marijuana and 20 kg of cocaine on the future president's property.

On April 23, two days after Cartes was elected, Brazilian journalist José Casado wrote in a front-page article in the influential Brazilian daily O Globo that, also in January 2010, Douglas W. Poole, deputy chief of intelligence at the US Drug Enforcement Administration (DEA), said that his agents "have infiltrated Cartes' 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 of Argentina, Paraguay, and Brazil] to the United States." He was referring to Banco Amambay.

On April 29, a judge in Rio de Janeiro, Brazil, confirmed that the tobacco company Souza Cruz, the largest in the country and a subsidiary of the British conglomerate British American Tobacco (BAT), had filed a complaint alleging that the Paraguayan company Tabacalera del Este (Tabesa), owned by Cartes, flooded the Brazilian market with contraband cigarettes that were sold to the public for less than half the price of BAT brands.

**Power of agribusiness gives poor little hope for change**

Paraguay shares with its much larger neighbors the region’s major hydroelectric plants (NotiSur, June 3, 2011), the binational Itaipú dam (with Brazil) and Yacyretá (with Argentina). It is a key energy provider for industry in São Paulo, the largest manufacturing hub in South America. It provides 15% of the electricity consumed by Argentines. The other mainstay of its economy is soy, which, in the last season, occupied 60% of the country's cultivated land and produced US$1.6 billion in exports.

Because of the unfavorable agreements that Paraguayan dictator Alfredo Stroessner (1954-1989) signed with the Brazilian and Argentine dictatorships in the last half of the 20th century, Paraguay supplies its neighbors with low-cost energy and will be unable to obtain better prices, and thus increased revenue, until the original treaties are revised later in the second decade of this century.

Now the third-largest soy producer in South America, Paraguay could enrich its coffers by levying a tax on soy exports, as do Brazil and Argentina, the two largest regional producers (NotiSur, Jan. 9, 2009). But both Cartes and Alegre were careful to insist that they had never thought about imposing taxes. That was the only campaign promise that the two leading candidates made. Thus, Paraguay has no possibility of improving its revenues. It will continue being a rich county with rich producers and a poor government.
During the electoral campaign, Cartes and Alegre visited all the departments in the country and, in each, they met with local delegations of the powerful Coordinaora Agrícola del Paraguay (CAP), the association that includes the large-scale transgenic-soy producers. They seemed proud to present themselves to the business groups, using almost the same words, as guarantors of the agribusiness model.

That was the environment in which they swore that they would never impose a tax that could be redistributed through an agrarian reform—a long-standing promise of every candidate, whether of the right or of the progressive sector, in a country whose population is basically campesino—or any social program that would benefit the majority.

If soy producers were charged a 15% tax on their exports, the state could count on US$240 million annually to direct to such ends—to health and education. That figure is based on 2012 exports, a bad production year. Clearly this or any other percentage (in the first week of April, the Cámara de Diputados rejected by 79 to 1 a bill proposing a 10% tax) would also have to apply to wheat, sunflower, and corn. The concern, and rightly so, is that the taxation would legitimize a model of agricultural exploitation that, it is believed, adversely affects human health, degrades the land, and contaminates the water.

Nothing has changed in Paraguay, nor will anything change. "Cartes is a new leader, but his party is the same," commented British academic Andrew Nickson, a student of the Paraguayan reality, to Agence France-Presse (AFP). Nickson said that, if Cartes hypothetically were to try to modify the status quo, he would meet strong resistance in his own party. "I don't think there is going to be any structural change in the coming years," he said.

Like many others, Nickson thinks that Cartes will have problems abroad that he surely will not have in Paraguay, thanks to the complicity of a judiciary that is as corrupt as the rest of the state apparatus. He will not find it easy to hold a bilateral meeting or participate with his colleagues in a presidential summit aware that he is being seen as someone under a cloud of the worst suspicions.

"His past as a major business leader in a world of sinecures and corruption, together with his total lack of political experience and his suspicious participation in countless illegal activities, will be a sure target for the opposition," said the UK-based global risk and strategic consulting firm Maplecroft.