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Stroessner's Paraguay

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STROESSNER'S PARAGUAY

Since gaining independence from Spain in 1811, Paraguay has known only authoritarian rule. Transfer of power from one of the two principal parties to the other has been accomplished only by means of plotting and force.

The government of President Alfredo Stroessner, which came to power following a military coup in 1954, has given Paraguay its longest period of stability in this century. Stroessner has retained control by shrewdly balancing the traditional power bases of the military, the police, and the other security forces with the political organization of the majority Colorado Party, and by ruthlessly crushing any attempts by discontented exiles to foment revolution. By maintaining political order in this forceful manner, Stroessner created conditions in which he could implement a program of economic reconstruction and development, and permit gradual political liberalization.

A decisive and disciplined politician, President Stroessner, who will visit Washington in mid-March, has developed into a flexible and pragmatic national leader whose program of peace, order, and economic development has earned him a popularity seldom achieved by an authoritarian ruler. Since 1963 he has permitted an opposition party to play a constructive role in the legislature, and has granted greater freedom to the press. Political activity is held in check by the fact that the Stroessner regime can, if it wants, return to absolutism at any moment. The elections in February 1968, however, were the most democratic in Paraguayan history. Three opposition parties were allowed to campaign openly for the presidency as well as for congressional seats.

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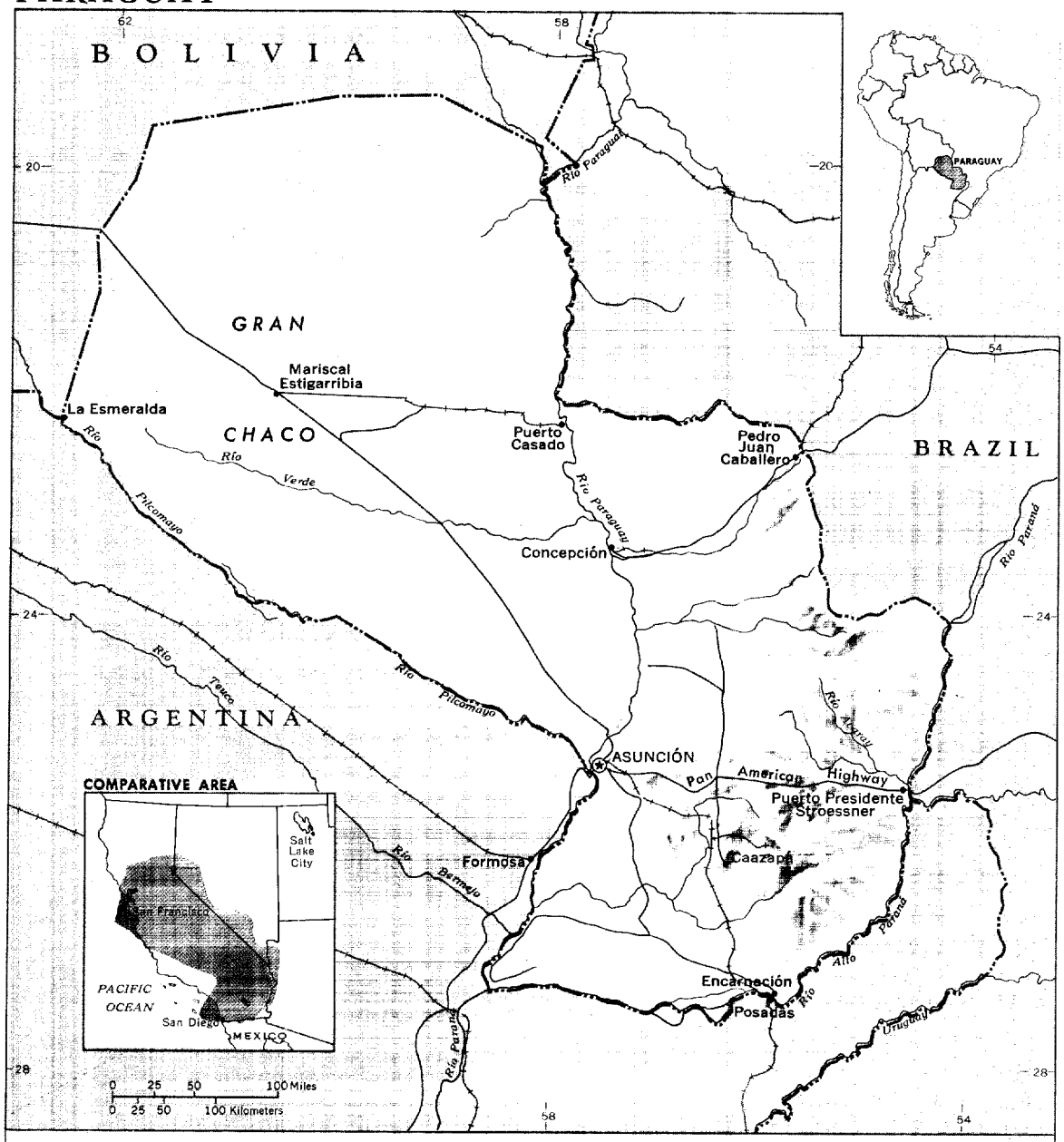
PARAGUAY



Semitropical, land-locked Paraguay has played only a minor role in Latin American affairs. Almost as large as California, it ranks ninth among the Latin American republics in size but is one of the least populous (2.2 million). Racially, culturally, and socially, Paraguayans are probably the most homogeneous people in Latin America. The Spaniards who settled Paraguay in the 16th century intermarried with the Guarani Indians and the resulting mestizo society constitutes 95 percent of the present population. The upper and middle classes are small, and there are no sharp social conflicts. Land reform is not an issue. Land use, regardless of title, is relatively free, and most peasants have access to more land than they can cultivate with their primitive tools.

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The Political Situation

President Stroessner began his rule in August 1954 by firmly subduing all forces of opposition. He maintained a state of siege more or less permanently (renewing it every 60 days in compliance with provisions of the 1940 constitution) while his police arrested potentially troublesome political opponents and suppressed student demonstrations. These repressive measures soon forced most of his political enemies into exile. Since 1954, Stroessner has routed a number of small-scale guerrilla incursions and has foiled several attempted coups. There have been no significant attempts to overthrow him since 1962. Despite some continued imprisonment of political opponents, the regime has become more tolerant of opposition elements in recent years.

Autocrat though he may be, Stroessner operates with constitutional authority. The constitution of 1940 confirmed the president as the most powerful political factor. He could, for example, appoint and remove all nonjudicial officials, decree laws when the Congress was not in session, and declare a state of siege, during which he could place potentially subversive persons under arrest. The slightly more liberal constitution adopted in August 1967 in no way diminished these powers. Indeed, the principal reason for its adoption was to make it possible for Stroessner, who was ineligible for reelection under the old constitution, to run again in 1968 and 1973.

In recent years Stroessner has gradually loosened controls over political activity and the press. Since 1962, he has encouraged the development of a more representative political system by granting legal recognition to three opposition parties and allowing them to participate in national elections. During the constitutional convention last August, the newly recognized Radical Liberal Party was permitted to participate openly in the election of delegates to the convention, and opposition delegates were allowed to debate freely on proposed constitutional provisions.

In last month's presidential election, for the first time, three opposition parties campaigned for the presidency as well as for congressional posts. Although there were some justified complaints from the opposition regarding the way in which the campaign and the elections were regulated by the majority Colorado Party, the opposition has clearly decided that it is preferable to co-exist with Stroessner than to remain on the side lines. All presidential candidates for the Febrerista, Liberal, and Radical Liberal parties issued statements saying the election was a step toward democracy.

Although Stroessner has been ruling Paraguay for almost 14 years, there are no indications that his popularity is declining. In fact, the recent elections indicate that Stroessner has gained popularity with the opposition

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and could win a completely free election by a comfortable margin. Even former exiles such as Carlos Pastore and Colonel Alfredo Ramos, who not long ago were attempting to overthrow Stroessner, now seem to accept the present political situation in Paraguay.

In spite of some opposition among the military and Colorado stalwarts to political liberalization, the prospects for its continuance appear favorable as long as Stroessner retains power. The younger members of all parties seem interested in preserving the new political atmosphere, and during the recent campaign several young Colorados expressed a desire for completely clean elections.

Born at Encarnacion in 1912 of German and Paraguayan parentage, Alfredo Stroessner entered the Paraguayan Military Academy at 17 and rose spectacular to become one of the youngest generals in Latin America. He was cited for outstanding service during the Chaco War (1932-35) and became commander in chief of the armed forces in 1951. Stroessner joined the Colorado Party early in his military career. He gained considerable prominence within the party as he rose in rank, and at first cooperated with the regime of Federico Chaves (1949-1954). In May 1954, however, fractional strife among the Colorados brought conservative members of the party into an alliance with the military that overthrew Chaves. Stroessner then assumed the presidency of an eight-man junta and served out Chaves' term. He subsequently became the Colorado Party candidate for president, ran unopposed in the election that year, and was inaugurated as chief executive in his own right in August 1954.

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Healthy, vigorous, and a strong worker, Stroessner at 55 obviously enjoys the challenges of being president and wants to continue as long as possible. Because he refuses to prepare for a successor, it is doubtful that present stability and order will continue when he dies or if he should become incapacitated. Chances of effective subversion are slight, but assassination would be relatively easy because of his disregard for his own safety in public gatherings. In fact, Stroessner's very success has created the danger that some embittered, exiled opponent, seeing no other way to remove him. might resort to assassination.

According to some qualified observers, events following his death will run through two phases. In the first, the military would restore order and the constitutional formalities would be complied with in naming a successor. This man would govern for a period of time depending upon his ability, but in time would be overthrown by a coup. The second phase would be one of confusion comparable to the period from 1948 to 1954. This phase would probably end only when someone

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of approximately General Stroessner's caliber rose to the top. The contenders in such a power struggle would almost certainly be Colorados, since that party has been in power since 1948 and its members occupy almost all important official positions and control the army.

Foreign Affairs Under Stroessner

In spite of its isolated location, Paraguay is becoming more active in inter-American affairs. Traditional foreign policy concentrated primarily on achieving as much freedom as possible from interference by Paraguay's powerful neighbor, Argentina, chiefly by playing off Argentina against Brazil. In recent years, however, Paraguay has become somewhat less dependent on Argentina, partly as a result of the influx of foreign loans and investments, the opening of a new trade route to the Brazilian seacoast, and the acquisition of a small merchant fleet. Moreover, Stroessner has fostered the improvement of diplomatic relations by meeting with the presidents of neighboring countries.

Initially preoccupied with domestic affairs, in May 1965 Stroessner decided to support the United States during the Dominican Republic crisis by providing a contingent for the Inter-American Peace Force (IAPF). His interest in foreign contacts was further stimulated by his meeting with President Johnson during last year's summit conference at Punta del Este, Uruguay.

Paraguay's participation in international affairs has also increased. It was elected to the UN Security Council in 1967. Last year, Asuncion hosted several inter-American conferences.

Within the Organization of American States (OAS), Paraguay takes a firm anti-Communist and anti-Castro stand. While not a prime mover or influential spokesman in the OAS, Paraguay generally supports the United States, particularly on matters concerning hemispheric security, and favors the continuance of the IAPF.

Although Stroessner opposes the erection of tariff and trade barriers to Paraguayan exports by other Latin American countries, he does not appear to favor the establishment of a Latin American common market. As a member of the Latin American Free Trade Association, Paraguay has obtained major tariff concessions from the wealthier members on its exports of raw materials but frequently has failed to obtain concessions for secondary or semifinished products.

Recent Economic Developments

In recent years, Paraguay has achieved a respectable record of price stability and economic growth that has been an important factor in improving social stability. In 1956, Stroessner invited a team from the International Monetary Fund to assist him in alleviating Paraguay's most serious economic problems. Since then, a number of drastic reforms have improved

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governmental finances, increased production and exports, and allowed an economic expansion that has resulted in steady improvements in the levels of social and economic well being.

Paraguay, however, is still one of the least developed countries in Latin America. Its annual growth rate in gross domestic product since 1961 has been almost 4 percent but has been accompanied by a population increase of 3 percent per year. During this period, prices have been relatively stable, increasing at an annual rate of less than 2.5 percent. The rate of exchange, set at 126 guaranies to the dollar since 1956, is one of the most stable in Latin America.

Construction of the Acaray Dam and Hydroelectric Plant at Puerto Presidente Stroessner as of December 1966.

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Rigorously maintained monetary and wage policies have virtually eliminated the once-serious inflation and have kept budget deficits at a workable level.

Major deterrents to rapid economic development, however, still remain. Economic and social progress has been retarded by geographic isolation and poorly developed transportation facilities. Most foreign trade must follow the expensive route down the Paraguay-Parana-Plate river system to Buenos Aires.

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The sparse population and lack of investment limits effective exploitation of forests, pastures, and farm lands. Obstacles to the expansion of exports, the virtual absence of known mineral resources, and the small size of the domestic market have discouraged foreign investment and have prevented the development of much industry other than the processing of agricultural products.

The nepotism, institutionalized contraband, and shortage of trained manpower that continue to characterize the government provide less than an ideal mechanism for formulating, financing, and executing major development programs. Nevertheless, Stroessner is making a serious effort to

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develop the economic and social infrastructure, improve public finances through fiscal and tax reform, and encourage private investment. Incentive laws for foreign investment, already liberal, are in the process of being improved.

Although public foreign debt has increased from only $8 million in 1954 to $120 million in 1967, the repayment schedule is such that the debt service burden is moderate. Amortization payments average about 7 percent of foreign exchange earnings on current account.

Recently the government embarked on a far-reaching program of hydroelectric development. One of the most important sources of power will be the Acaray dam, 200 miles east of Asuncion, which will go into operation this year. Its initial capacity of 45,000 kilowatts is expected to double within a few years. Improved hydroelectric capacity already has permitted the establishment of two milk pasteurization plants and five refrigeration plants for the cattle slaughterhouses. The further development of agriculturally related industries resulting from new power facilities will provide an improved basis for sustained economic growth. To a large extent, Paraguay's long-term economic prospects depend upon its ability to make its agricultural production more efficient and to convert its raw material into more advanced products acceptable in world markets.

The Threat of Subversion

In spite of repeated efforts by Communist and non-Communist exiles, there has been no successful guerrilla activity in Paraguay. There does not appear to be any significant immediate threat of successful subversion against the Stroessner regime.

Probably the strongest exile group is the Popular Colorado Movement, a dissident wing of the ruling Colorado Party. Its leading figure is Epifanio Mendez Fleitas, a former Asuncion police chief and head of the Central Bank, now living in Uruguay. Although Mendez Fleitas frequently claims to have infiltrated Stroessner's army and government, his few followers are carefully watched by the Paraguayan security forces.

The Paraguayan Communists are of minor significance. Living mainly in exile, divided into three rival groups, and sternly repressed within Paraguay, they do not pose a serious threat to the present government. From 1958 to 1961 a Communist front group of diverse elements called the United Front for National Liberation attempted to unify the various exile groups to promote guerrilla activity, but it has collapsed. Dissident Liberals and Febreristas have been equally unable to maintain a united front in exile.

It is most unlikely that Stroessner will be overthrown in the foreseeable future. Total

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Paraguayan security forces, including the police, number 21,000 and are loyal to the regime. The army is the most effective service and could cope with major internal disturbances. Stroessner serves actively as commander in chief of the armed forces.

Outlook

President Stroessner has brought order, social and economic progress, and some political liberalization to Paraguay. The prospects are that the country will continue to develop along these lines as long as Stroessner remains in power.

Individual setbacks may occur from time to time. Conservative elements within the military and the Colorado Party continue to oppose the idea of political coexistence, but some younger Colorados argue in favor of a less authoritarian style and a political detente with the opposition. If opposition parties continue to act responsibly, Stroessner will probably grant them more freedom.

It appears likely that Stroessner will begin to reshape his cabinet and administration by placing younger, more technically oriented party men in key positions. This would quell the rising discontent among Colorado student leaders and young activists with the old guard leadership of the Colorado Party.

Barring unforeseen reversals for Paraguayan exports, limited economic growth can also be expected to continue. Although the primary sector, agriculture, remains relatively stagnant, hydroelectric projects along with increased foreign investment are contributing to the growth of infrastructure.

The chief threat to stability is that Stroessner--who in August 1968 will begin another five-year term as a president elected with broad popular support--might be removed from the scene by illness, accident, or assassination.

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