

## BRAZIL AND PARAGUAY: A PROTECTORATE IN THE MAKING?<sup>1</sup>

### *Brasil y Paraguay: ¿Un protectorado en construcción?*

Andrew Nickson<sup>2</sup>

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<sup>2</sup>University of Birmingham, Birmingham, West Midlands, England. **E-mail:** [r.a.nickson@bham.ac.uk](mailto:r.a.nickson@bham.ac.uk). **ORCID:** <https://orcid.org/0000-0002-4541-3234>

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## ABSTRACT

This paper questions whether we are witnessing the transformation of Paraguay into a quasi-protectorate of Brazil, masked by the retention of national sovereignty accorded by Mercosur. The paper is divided into four sections. The first gives a brief overview of the history of the bilateral relationship from independence to the 1970s. The second discusses the dramatic impact on that relationship of the construction of the Itaipú hydroelectric plant and the associated immigration of Brazilian commercial farmers to Paraguay. The third section explores the contemporary nature of various dimensions of the relationship – economic, political, social and cultural – consistent with that of a protectorate. The fourth section evaluates the nature and strength of the growing opposition to the relationship inside Paraguay. The paper concludes with reflections on the extent to which its relationship with Paraguay calls into question the ‘soft power’ global image of Brazil projected by Itamaraty.

**Keywords:** Paraguay; brasiguayo; Itaipú.

## RESUMEN

Este texto analiza si se está presenciando la transformación de Paraguay en una especie de protectorado de Brasil, proceso disimulado por la soberanía formal de país independiente y miembro fundador de Mercosur. El trabajo abarca cuatro secciones. La primera ofrece una breve reseña de la historia de las relaciones bilaterales desde la independencia hasta la década de 1970. La segunda analiza el dramático impacto sobre esas relaciones causado por la construcción de la planta hidroeléctrica de Itaipú y la asociada inmigración de agricultores brasileños a Paraguay. La tercera sección explora las características actuales de varias dimensiones de ese relacionamiento –económico, político, social y cultural – que son compatibles con las de un protectorado. La sección final evalúa la naturaleza y fuerza de la creciente oposición en el mismo Paraguay al nuevo relacionamiento. El estudio concluye con algunas reflexiones sobre hasta qué punto el relacionamiento con Paraguay pone en tela de juicio la imagen global de Brasil de un ‘poder blando’, difundida por Itamaraty.

**Palabras Clave:** Paraguay; brasiguayo; Itaipú

## INTRODUÇÃO

On 5 March 1872 the New York Times published a short report from London titled “Brazil and Paraguay: a protectorate over the republic for ten years”.

### **BRAZIL AND PARAGUAY.**

#### **A Protectorate for Ten Years Over the Republic.**

**LONDON, March 4.—It is reported that a treaty has been concluded between Brazil and Paraguay, by the terms of which the former continues to exercise a protectorate over Paraguay for ten years, and the latter undertakes to pay the expenses of the protectorate and cedes certain territory to Brazil.**

**The New York Times**

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This was the first known use of the term ‘protectorate’ to describe the relationship between two countries in Latin America. According to international law, a state which remains under the protection of another state but still retains its independence is known as a “protected state”. This is different from a “protectorate” which is a dependent territory that has been granted local autonomy while still retaining the suzerainty of a greater sovereign state. However, in practice the word “protectorate” is widely used to describe what is actually a “protected state”. It is normally defined as “a country that is generally controlled and defended by a more powerful country” or “the relationship of superior authority assumed by one power or state over a dependent one”. The usage of the term is strongly identified with the period of European colonialism and has since gone out of fashion. Although, as shown above, the term was used by the foreign press to describe the relationship between Paraguay and Brazil immediately after the Triple Alliance War, it was hardly ever used subsequently in Latin America. The major exception was Panama, which was often considered juridically as a protectorate of the United States.

## HISTORICAL OVERVIEW

During the so-called ‘Nationalist Period’ in Paraguay (1811-1865), Brazilian interest in free navigation rights up the Paraguay River for access to its Mato Grosso province, the southern gateway to the Amazon, was a source of intermittent conflict. Conflict erupted briefly in the 1840s over the Brazilian claim to the Apa River as the border in contrast to the Paraguayan claim to the Blanco River, further north. This was one of several factors that contributed to the Triple Alliance War (1865-70), in which Brazil supplied the vast majority of the allied forces with Argentina and Uruguay that eventually defeated Paraguay (Whigham, 2002; Rodríguez-Alcalá & Alcázar, 2007).

During the war, Brazilian troops put an end to Paraguay’s nascent industrialisation, destroying the La Rosada iron works in May 1869, and sacked Asunción when they entered the

town on 5 January 1869, occupying the capital until 22 June 1876, over six years after the war ended. They also carried out acts of great cruelty, notably setting fire to a hospital full of women and children at Piribebuy on 12 August 1869, atrocities that are still deeply embedded in the Paraguayan psyche. After its military success, Brazilian claims to that part of northern Paraguay between the Apa and Blanco Rivers were met in full by the Loizaga-Cotegipe Treaty of 1872. As a result, Brazil took possession of over 62,325 square kilometres that became part of Mato Grosso. The ‘total war’ that decimated the male population of Paraguay was – relatively – one of the bloodiest in world history, reducing the population from 450,000 in 1864 to 153,000 in 1870, a catastrophic loss of 65 percent in the space of six years (Whigham & Potthast, 1999). It was only thanks to disputes between the victorious allies that a large part of Paraguay avoided being absorbed into a ‘greater Brazil’. Brazil has never apologised for these acts of alleged genocide nor returned the wealth of ‘war trophies’ plundered from the defeated nation. Despite repeated requests from historians, the Brazilian military archives covering the war remain under lock and key.

Following the conclusion of the war, Brazilian pressure succeeded in installing a series of pro-Brazilian governments of the *Partido Colorado* which remained in power until the Liberal Revolution in 1904. During this period, Brazil periodically intervened directly in Paraguayan politics, most overtly during the Cavalcanti Coup of 1894 (Warren, 1982). Brazilian interest in Paraguay during this time was strongly influenced by Paraguayan control over river access for yerba mate exports from the Brazilian state of Mato Grosso. However, Brazilian interference in Paraguayan politics waned considerably during the period of Liberal rule from 1904-36, partly reflecting the improved overland communications with Mato Grosso.

A strong Brazilian influence re-emerged in the 1940s as Brazil developed its “push to the west” under President Getúlio Vargas, marking a new and ultimately successful challenge to Argentine hegemony during and after World War II (Doratioto, 2011). Growing ties with Brazil also reflected a conscious desire by successive Paraguayan governments to loosen the virtual stranglehold that Argentina had exercised over the economic destiny of their country by virtue of its control over river transport for the foreign trade of Paraguay to the River Plate. From 1-3 August 1941 Vargas made the first visit by a Brazilian president to Paraguay, after which diplomatic ties were upgraded to the exchange of resident ambassadors. Brazil financed the first all-weather road east from Asunción, to the Brazilian border and in 1941 Paraguay was granted freeport facilities at the Brazilian port of Santos. In 1940-41 Alfredo Stroessner became one of the first Paraguayan officers to study at the Brazilian military academy in Rio de Janeiro and a Brazilian military mission was established in Paraguay in 1942. The *Banco do Brasil* opened its first foreign branch in Paraguay in 1941, granting one of the earliest foreign loans to the Paraguayan government in the same year.

Military cooperation and economic integration became the cornerstones of a growing Brazilian role in the consolidation and survival of the Stroessner dictatorship (1954-89). This reflected the National Security Doctrine then prevalent in Brazilian military circles, which viewed small, neighbouring countries as potential foci of infection by the communist virus. The

completion of the *Puente de Amistad* (1965) over the River Paraná on the eastern border linking the border town of Puerto Presidente Stroessner (now called Ciudad del Este) and Foz do Iguaçu, and the construction of an east-west highway between Coronel Oviedo and the Brazilian border (1966), both financed by Brazil, as well as the completion of the Brazilian road system from Foz do Iguaçu to Paranaguá (1969), where Paraguay had been granted freeport facilities in 1957, all served to integrate the road transport networks of the two countries. The so-called “pendulum politics” that had characterised Paraguayan foreign policy by playing off its two large neighbours was gradually abandoned (Birch, 1988). Together with Argentina, Brazil provided Stroessner unswerving support, including flushing out and eliminating armed exile groups operating in the early 1960s from clandestine bases in its territory close to the Paraguayan border (Nickson, 2013). It continued to offer close political and economic support throughout the 1980s, despite the growing international isolation of the regime and despite the return to civilian rule in Brazil itself. When he was overthrown in a February 1989 *putsch*, Stroessner was whisked off hours later to exile in Brasília, where he was granted political exile and spent the rest of his life.

### THE ITAIPÚ HYDROELECTRIC PLANT AND IMMIGRATION OF BRASIGUAYOS

Two crucial features of Brazilian control over Paraguay began to take shape during the *stronato* – development of the world’s largest single hydro-electric resource and an associated massive *cordon sanitaire* of Brazilian commercial soybean farmers that surrounds it inside Paraguay. A pivotal moment in the consolidation of Brazilian power took place on 17 June 1965 when Brazilian troops unilaterally occupied the Guairá Falls, then the largest waterfalls in the world, on the Paraná River border between the two countries. Different interpretations of the Loizaga–Cotegipe Treaty of 1872 had led to a long-running dispute over ownership of the falls. Control of the strategically located falls had become an essential precondition for Brazilian development of the hydropower potential of the Paraná River, which was estimated at 40,000 megawatts upstream of, and including, the binational stretch. From 1956, when it first undertook prefeasibility studies for the utilization of the hydroelectric potential of the falls, the Brazilian government pursued a double-edged strategy in its territorial dispute with Paraguay. On the one hand, it employed military force in occupying the land adjacent to the falls and adopted an obdurate position in an exchange of diplomatic notes over the ownership question. At the same time, it launched a diplomatic offensive to gain Paraguayan acceptance of an offer of “equal participation” in the harnessing of its hydroelectric potential. On 19 September 1962, in a diplomatic note to the Paraguayan government, Brazil formally declared that it claimed absolute sovereignty over the falls. Yet, on 19 January 1964, after Stroessner met President João Goulart of Brazil, it was announced that a joint committee would be established to investigate the exploitation of the hydroelectric potential of the falls. The communiqué omitted any reference to the dispute over sovereignty.

However, following the 1964 coup that overthrew Goulart, the Brazilian military government implemented a secret plan, *Operação Sagarana*, to take control of the falls (Blanc, 2018). It built 13 pontoon bridges over the falls and, on 17 June 1965, set up a military post inside the area under litigation, linking it to Porto Renato in Brazil by a road cut through the jungle by

600 troops in a matter of days. On 21 October 1965, the deputy foreign minister of Paraguay and other government officials who had been sent to investigate the rumours of Brazilian occupation were expelled from the area by Brazilian troops. This led to anti-Brazilian student demonstrations in Asunción.

On 22 June 1966 a secret agreement, the *Acta de Yguazú*, was signed that set the seal on the Brazilian diplomatic triumph in the dispute over ownership of the Guairá Falls. Both parties stated their willingness to carry out a joint study of the hydraulic resources over the 200-kilometer binational stretch of the Paraná River, which would henceforth belong, on a condominium basis, to both countries. It also stated that the hydroelectric power that could be generated from the utilization of the head in the binational stretch would be divided equally between Brazil and Paraguay. Although the question of sovereignty remained unresolved, under the terms of the Act, the Stroessner regime acquiesced to the joint hydro development of a stretch downstream on the Paraná River. As a result, the falls were completely submerged, effectively 'drowning' the territorial dispute. The Itaipú Treaty was signed on 26 April 1973 by two non-democratic leaders, President Stroessner and President Emilio Médici of Brazil, for the construction of the Itaipú hydroelectric plant, the largest in the world with an eventual installed capacity of 14,000 MW. Its negotiation was shrouded in secrecy and its contents were only disclosed to the press after its signing. The treaty gave substance to the condominium approach by creating a binational entity, *Itaipú Binacional* (IB), with responsibility for the development of the hydroelectric resources of the binational stretch of the Paraná River from the Guairá Falls to the Argentine border.

In exchange for the withdrawal of Brazilian troops from the Guairá Falls, which had been agreed to in the *Acta de Yguazú*, the Paraguayan government removed existing restrictions on immigration of Brazilian farmers to its eastern border region. The Agrarian Statute of 1940, which had formerly prohibited the sale to foreigners of land within 20 leguas (100 kilometres) of the national frontier, had already been repealed in 1963. Facilitated by the construction in 1965 of the *Puente de Amistad* the westward moving agricultural frontier in the Brazilian state of Paraná began to extend over the border into the rich virgin forests of eastern Paraguay. Brazilian immigrants, known as *brasiguayos*, were motivated by much lower land prices, minimal taxation, and the availability of cheap agricultural credit from Brazilian and Paraguayan state banks. In 1972, there were still only 30,000 Brazilians in the eastern border region, comprising 18 percent of the regional population (Nickson, 1981). But the rate of *brasiguayo* immigration rocketed during the construction of the Itaipú hydroelectric plant, settling in a wide arc surrounding the enormous artificial lake created by the construction of the dam. This surge in immigration was propelled by the *Tratado de Amistad y Cooperación* signed in Asunción by Stroessner and President Ernesto Geisel in December 1975, at the height of construction of the dam, when some 42,444 poor rural Brazilians were displaced from their lands to make way for the enormous reservoir of Lake Itaipú. Many of them moved across the border, enticed by official Brazilian government advertisements highlighting the attraction of using their indemnification payment to purchase cheap land in Paraguay (Oddone, 2011; Blanc 2015). This official 'nudge' has given rise to speculation that it represented the implementation of the theory of *fronteiras vivas* associated with the Brazilian



military geopolitician, Golbery do Couto e Silva (Riquelme, 2005). The *brasiguayo* population reached 360,000 by 1983 (Kohlhepp, 1999), rising to an estimated 450,000 in 2014, when they accounted for 60 percent of inhabitants of the eastern border region, and 6.5 percent of the total population (Blanc, 2015). The largest concentration was in the Department of Alto Paraná, where Portuguese has become the main language and booming municipalities such as Santa Rita and Naranjal display an overwhelmingly Brazilian culture. There are also sizeable numbers in the Departments of Amambay, Itapúa, and Canindeyú.

### THE CONTEMPORARY NATURE OF THE RELATIONSHIP – ECONOMIC, POLITICAL, SOCIAL AND CULTURAL – CONSISTENT WITH THAT OF A PROTECTORATE

In order to interrogate the “protectorate in the making” hypothesis, we now examine the recent evolution of four inter-connected dimensions of the relationship between Brazil and Paraguay– economic, political, military and socio-cultural, each of which may be viewed in the wider context of several key elements that typically characterise a ‘protectorate’ relationship – an enormous disparity in the geographical and economic size of the countries in question, the need of the ‘protector’ to defend and protect a strategic resource, the existence of a supportive elite in the ‘protected’ state, the presence of an economically powerful immigrant community from the ‘protector’ state inside the ‘protected’ state that is wedded to the relationship, and a strong cultural discourse of “mutual benefit” in both countries.

The economic power of Brazil in Paraguay has increased dramatically since the 1990s. According to the agricultural census of 2008, 15.4 percent of total farmland was already owned by Brazilians (Glauser:37). Brazil is its largest foreign trade partner and largest source of foreign direct investment. In response to growing demand from the 1990s for animal feed by the People’s Republic of China and the European Union, *brasiguayos* spearheaded the rapid expansion of soybeans, converting Paraguay into the world’s fourth largest exporter. A powerful soybean growers association, *Asociación de Productores de Soja, Oleaginosas y Cereales del Paraguay* (APS), founded in 1999, became the mouthpiece for the 50,000 *brasiguayo* commercial farmers who control an estimated 90 percent of Paraguay’s soybean production (Ezquerro-Cañete & Fogel: 289). By 2018, 21 percent of the total land area of eastern Paraguay was covered by soybean.

Brazilian companies also exercise a virtually monopoly over the processing of the rapidly growing meat production for export, a growing share of which is now supplied by *brasiguayo* cattle-ranchers. The Brazilian meat plant, Grupo Concepción, the largest in the country, is located in the northern town of Concepción, where Brazil was granted freeport facilities in 1995. The emerging *maquila* sector is primarily geared to assembling goods for re-export to the Brazilian market. By 2017, 80 per cent of the 126 foreign companies operating in Paraguay were Brazilian. The vast majority were operating under the *maquila* arrangement with over 90 per cent of total *maquila* exports destined for Brazil (Desantis, 2017).

The political power exercised by Brazil over the domestic politics of Paraguay has also increased dramatically in recent decades. Following the demise of the Stroessner regime in 1989, successive presidents continued to adopt a strongly pro-Brazilian stance. For over three decades the Brazilian government adroitly paid off key members of the Paraguayan political elite, referred

to as the ‘Barons of Itaipú’, in order to maintain the inequitable arrangement of the Itaipú Treaty. This subservience was clearly expressed by President Cartes in a February 2014 address in the presidential palace to a visiting investor delegation from the *Confederação Nacional da Indústria* (CNI) of Brazil. He stated that his policy was one of ‘everything with Brazil, nothing against Brazil’, urging them to ‘use and abuse Paraguay’ and take advantage of a generous tax regime, low energy and labour costs, and weak unionisation (ABC Color, 2014).

On several occasions, Brazilian diplomats and politicians have lobbied the Paraguayan government to defend *brasiguayos* against land invasions. In July 2011, following a major land dispute at Ñacunday in Alto Paraná, the then Brazilian ambassador Santos, took the unprecedented step of attending a meeting between the Paraguayan government and legal representatives of the landowners (E’a, 2014). Following intense lobbying from the APS, on 27 February the Brazilian Congress held a public hearing to discuss the alleged mistreatment of *brasiguayos*. The outcome was a planned visit to Paraguay by a Congressional delegation to investigate the accusations. Following the impeachment of Lugo in June 2012 both the border land ownership investigation and the Congressional visit were suspended.

The military power of Brazil over Paraguay has also increased in recent years as Brazil replaced the United States as the major source of military training and equipment to the Paraguayan armed forces. Since 2007 the Brazilian armed forces have carried out an annual series of military exercises, *Agata*, along the border with Paraguay, involving troops from the three services. The subliminal message of these exercises is that in the event of a conflict between the two countries Brazil would be able to exercise a stranglehold of the economy of its small land-locked neighbour. The exercises have involved the destruction of clandestine ports along the Paraná River and Lake Itaipú in order to counter the illegal smuggling trade in arms and drugs. Military occupation of the *Puente de la Amistad* has wrought havoc with the shopping tourism trade and greatly reduced the activities of the *sacoleiros* (“petty smugglers”). The 7th combined security exercises in May-June 2013 on its 10,000 km national land border, *Agata V11*, deployed 25,000 members of the armed forces and police. As in the cases of previous exercises aimed at combating cross-border crime, it temporarily wrought havoc with the triangular trade around Ciudad Del Este, Pedro Juan Caballero and Salto del Guairá.

The exercises reflected a shift in Brazilian foreign policy deriving from Presidential Decree 6,592 of 2 October 2008, the implementing legislation for Law 11,631 of 27 December 2007 that created a national mobilization system, *Sistema Nacional de Mobilização* (SINAMOB), designed to protect the interest of Brazilian companies and citizens outside the country. This legislation, modelled on U.S. national security legislation, was prepared by Itamaraty and the high command of the armed forces, in response to the nationalization of Brazilian oil and gas companies in Bolivia. Decree 6,592 defined “foreign aggression” loosely as whoever threatens or commits “hostile prejudicial acts against Brazilian sovereignty, territorial integrity or the Brazilian people” but “without necessarily signifying an invasion of the national territory”. The decree was interpreted in Paraguay as opening up the possibility of Brazilian military intervention to take control of the Itaipú hydroelectric plant under the pretext of protecting *brasiguayos*. These fears were



compounded in 2009 when the Brazilian security services analysed a “conflict scenario” involving the occupation of the Itaipú hydroelectric plant by a radical Paraguayan social movement, thereby cutting off the energy supply to Brazil. Among the activities carried out under the *Fronteira Sur 2* military exercise in 2008 was the simulated rescue of endangered Brazilian citizens and an *exercício de extrusão em hidrelétrica* (“exercise in expulsion from a hydroelectric plant”). This involved responding to the hypothetical occupation of such a “strategic target” by hostile elements. The fears raised by the military exercises and the 2008 presidential decree were heightened after General José Elito Carvalho Siqueira, head of the Brazilian *Comando Sul* and in overall charge of the exercises, stated that he would invade and take control of the Itaipú plant if ordered to do so by the President of the Republic (Konrad & Düring, 2008).

Finally, the socio-cultural influence of Brazil in Paraguay has increased dramatically in recent decades. There are now large swathes of eastern Paraguay, no longer just confined to the border region with Brazil, where *brasiguayos* constitute a majority of the population. In these areas, Portuguese is by far the main language used in daily life and where Spanish and Guaraní have been relegated to minority languages. Media outlets in the Paraguayan capital increasingly refer to the Brazilian immigrants as ‘colonos’, and contrast their hard-working ethic with the alleged laziness of the local *campesino* population.

#### THE NATURE AND STRENGTH OF OPPOSITION TO THE RELATIONSHIP

Two fundamental issues are central to the growing opposition expressed in Paraguay to its relationship with Brazil – the terms of the Itaipú Treaty and the role of the *brasiguayos*. The Itaipú Treaty has long been widely perceived in Paraguay as an affront to national sovereignty (Nickson, 1982). The treaty stated that its basic terms can only be renegotiated after 50 years and that the electricity produced should be divided equally and exclusively between the two countries. Either country would have the right to purchase all the electricity share of the other country that was not consumed by the latter. Hence Paraguay has been forced to sell all of its surplus electricity to Brazil, and is prohibited from selling to other countries. The treaty also stipulated that “compensation payments” for this international sale of electricity from Itaipú should be based on its cost of production, rather than the opportunity cost of alternative energy supply in the importing country. For example, in 2018 Argentina sold power to Brazil through to the Garabi converter station at USD 120 per MWh, while Paraguay continued to cede its surplus energy from Itaipú to Brazil at USD 8 per MWh. As a result of the monopsonistic power afforded to it as sole purchaser, for decades Brazil has enforced a rock-bottom sale price of Itaipú energy to its state power company, Eletrobras that has at times even fallen below the cost of production. This produces a massive energy subsidy to the Brazilian industrial sector while at the same time saddling Paraguay with a spiralling, and spurious debt. As a result, cheap energy from Itaipú became of great strategic importance to Brazil, fuelling the rapid industrial growth of the São Paulo metropolitan area. By 2018, 85 percent of Paraguay’s share was still ceded to Brazil. With the Brazilian half combined, Itaipú still accounts for 15 percent of total electricity consumption in the country.

After decades during which successive Paraguayan governments had failed to press for it, renegotiation of the Itaipú Treaty was the major campaign plank of Fernando Lugo in the presidential election of 2008, together with a veiled threat to take the matter to the International Court of Justice (ICJ). In August 2008, his incoming administration presented a table of six demands to Brazil concerning Itaipú: recuperation of hydroelectric sovereignty (freedom over use of the energy) within the framework of preferential rights and regional integration; a fair price for the energy exported to Brazil; revision of the IB debt and elimination of its illegitimate portion; parity in management; audit and transparency; and completion of the outstanding works (sectional substation and navigation works). On 25 July 2009, Lugo and Brazilian President Luiz Inácio Lula da Silva signed a 31-point *aide memoire* that amounted to the first ever official recognition by Brazil of Paraguay's longstanding claims for greater equity in the bilateral relationship over Itaipú. The *aide memoire*, which was ratified by both countries in diplomatic notes on 1 September 2009, tripled the adjustment factor of the original compensation formula for cession of Itaipú energy to Brazil in Annex C of the 1973 treaty, effectively raising compensation from US\$2.81 per megawatt hour (equating to around US\$120 million per year) to US\$8.43 per megawatt hour (equating to around US\$360 million per year). But this still left the price way below the 'opportunity cost' of potential sales to Uruguay and Chile, both countries which are keen to, but forbidden from, buying Itaipú energy from Paraguay. After much foot-dragging, in May 2011, the Brazilian Senate finally approved this threefold increase in compensation payments to Paraguay. Yet the tripling of the multiplier factor did not signify modification of the treaty itself, and that even with this increase, Brazil would still receive electricity far below the market price of US\$135–145 per megawatt hour paid to other suppliers in Brazil's unregulated energy market. In September 2012, Professor Jeffrey Sachs of Columbia University was contracted by the Paraguayan government to carry out a forensic study of the Itaipú Treaty (Sachs, 2013). His detailed report, published in July 2013, concluded that Paraguay had long ago paid off its debt obligations to IB but its findings were shelved during the presidency of Horacio Cartes (2013-2018).

*Brasiguayo* commercial farmers have also provoked growing hostility in Paraguay. The multiplier effect of the soy boom on job creation and local economic activity in rural areas has been extremely limited due to the highly mechanized nature of production, the repatriation of earnings to Brazil, and the recruitment of skilled agricultural workers from Brazil. Despite producing 46 percent of total merchandise exports, soybean farmers contributed only 2 per cent of total tax revenue in 2018 and they remain bitterly opposed to a proposed 10 percent tax on agricultural exports. On several occasions from the late 1990s, the APS organized *tractorazos*, blockages of major highways by hundreds of tractors in order to halt legislation that would bring soybean growers under the tax net.

*Brasiguayos* have been engaged in bitter land disputes with landless families, arising from the way in which they have bought up much of the *tierras malhabidas* – eight million hectares of virgin forest land illegally distributed to "family and friends" by the Stroessner regime in the 1970s and 1980s under the cynical guise of land reform, as well as increasing their holdings by buying up provisional land titles, *derecheras*, from impoverished small farmers. Radical peasant groups have

responded by stepping up land invasions of Brazilian properties to reclaim this land for the poor and landless for whom it was originally intended under the land reform legislation. Small farmer organisations and environmentalists have also been critical of the environmental degradation caused by soybean monoculture, holding *brasiguayos* responsible for flouting laws to halt deforestation, the illegal use of GM crops, and have accused them of poisoning poor rural communities through the uncontrolled use of pesticides and aerial crop spraying.

Crop-burning and occupation of Brazilian farms by landless families escalated following the victory of Lugo in the presidential election of 2008. In May 2008, there was wide coverage in the Brazilian media of scenes showing landless farmers in the Department of San Pedro burning the Brazilian flag and calling for *brasiguayo* soybean farmers to be expelled from the country (Última Hora, 2008). In response, the APS became an outspoken critic of Lugo, accusing him of fomenting invasions of private property by land-hungry small families, whose communities were increasingly becoming isolated islands of poverty surrounded by enormous soybean plantations. Lobbying by the APS was a major and insufficiently recognised factor in the lightning impeachment of Lugo in June 2012. The surge in land occupations during the presidency of President Lugo was of growing concern to the *brasiguayos*. On 29 June 2011 President Dilma Rousseff expressed this concern to Lugo during a meeting of Mercosur heads of state.

From the late 1990s the expansion of the *brasiguayos* further westward encountered stronger opposition from more densely-populated and consolidated small farmer communities in the northern Departments of San Pedro and Concepción. This 'clash of cultures' was a major factor explaining the emergence there of a low-level insurgency movement, the *Ejército del Pueblo Paraguayo* (EPP). Although sharing a triple cocktail of radical Catholicism, Marxism and nationalism similar to that of Latin American insurgency movements during the Cold War, the EPP ideology incorporated an extra 'geopolitical' ingredient, namely that Paraguay was once a great nation. To its potential supporters, its propaganda offers a 'coherent' and uplifting message based on the pursuit of the 'second independence' of the country. The belief in the 'heroic possibilities' of the EPP to recover the 'lost dignity' of the country became a potent message that resonated with the 'common sense' understanding of Paraguay's distinctly martial history. This interpretation of the country's history has been an important factor in attracting new recruits and support for the EPP. In particular, it draws a parallel between a 'first' invasion of Paraguay during the Triple Alliance War, primarily by Brazilian troops, and a 'second' invasion of *brasiguayos* in recent decades. *Brasiguayos* commercial farmers are a major target of the EPP, forced to pay a 'revolutionary tax' and warned not to plant GM crops nor deforest the land they occupy on pain of death (Nickson, 2019).

## CONCLUSION

It is ironic that from the end of the Triple Alliance War in 1870, Paraguayan immigrants made a significant contribution to the development of the Brazilian State of Mato Grosso, acting almost as a provisional population until more intensive occupation by Brazilians began in the 1940s. In a region undergoing fundamental change and often viewed as the "wild west," the

Paraguayan role in labour, commerce, smuggling, and banditry eventually elicited a nationalist reaction in Rio de Janeiro not very different from that expressed in large swathes of Paraguayan society today towards the *brasiguayos*. By far the most vehement of ethnocentric and anti-Paraguayan propagandists was José de Melo e Silva, an officially-sanctioned journalist who travelled through the south of Mato Grosso during the 1930s, reflecting the views of the Vargas government that Mato Grosso had to be secured for Brazil. Though not directed specifically at Paraguayans, strict controls imposed by the immigration laws of 1938 effectively limited the number of Paraguayans who could enter the country (Wilcox, 1993).

As Lambert (2016) has noted, Paraguay's relationship with Brazil cannot be seen solely within the parameters of the recent past. Ever since the Triple Alliance War, it has been problematic, rooted in the widespread belief that Brazil was guilty of acts of genocide. Building on this historic resentment transmitted through popular memory, there is growing opposition in Paraguay to what is perceived as a contemporary and multi-faceted Brazilian 'invasion' that is gradually reducing Paraguay to the status of a protectorate. It remains to be seen whether Paraguay will replicate the sort of anti-immigrant policies adopted by Brazil from the 1930s, and begin to regulate the unbridled power currently enjoyed by the *brasiguayos*. The upcoming renegotiation of the Itaipú Treaty, which expires in 2023, will provide a clear litmus test of whether the current 'direction of travel' towards a protectorate relationship is halted or even reversed. But whatever is the outcome, there is little doubt that the historical relationship of Brazil with Paraguay calls into question the 'soft power' global image projected by Itamaraty that Brazil respects the sovereignty of other countries and insists on the principle of non-interventionism in other countries' affairs (Cason, 2013).

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