Mass protests over Ueno Bank collapse topple Paraguay's president

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In the early hours of Tuesday, 3 November, the Central Bank of Paraguay (BCP) initiated a "resolution procedure" against Ueno Bank after its solvency ratio collapsed to 5.56 percent, less than half the regulatory minimum of 12 percent. The bank's app, cards and transfers went dark overnight, locking out 2.9 million customers in a country of 6.1 million people.

Within days, eight senior executives had been arrested, the president of the Central Bank had resigned, and the president of the republic, Santiago Peña, had announced his own departure in a crisis that is still claiming heads, after three consecutive nights of mass protests outside Congress.

Congress rejected Peña's resignation on Thursday, since accepting it would have made him a senator for life with immunity from prosecution, and the Chamber of Deputies voted 78–0 to impeach him. On Friday, the Senate rejected his request for a 72-hour extension to prepare his defense and ordered him to appear within half an hour. The same day, his chief of staff, Javier Giménez, his legal adviser, Roberto Moreno, and his interior minister, Enrique Riera, resigned.

Peña's is the first government of Trump's Shield of the Americas to fall. It comes two weeks after the defeat of Trump's candidate, Flávio Bolsonaro, in Brazil and three days after the massive repudiation of the Republicans in the US midterm elections. It exposes the brittleness of the regimes making up the far-right alliance established by Washington to police the hemisphere, most of them deeply unpopular and facing recession and protests.

The authorities and the financial press have worked in unison to insist that Ueno was an aberration. "Authorities say the crisis is limited to Ueno and does not reflect broader weaknesses in Paraguay's banking system," Reuters reported.

In fact, the collapse of a major bank, underwritten on Wall Street by JPMorgan and Bank of America, is a warning of the fragility of the so-called emerging markets. They are being squeezed by record debt, US interest rates near two-decade highs and inflation driven by war and tariffs.

The rush to open accounts elsewhere crashed other banks' apps, as the Paraguayan guaraní lost 8.8 percent against the US dollar throughout the week and country risk rose 23 percent.

The scale of the disaster is difficult to overstate. Ueno held approximately $850 million in public funds, including some $380 million belonging to the Social Security Institute (IPS), which funds workers' pensions and healthcare. Only 30 percent of the value of its deposits is insured.

When the Central Bank began payments on Thursday night, only those with up to 10 million guaraníes (about $1,600), no debts and an account at another bank were eligible. A domestic worker from Luque, Benicia Sosa, described waking up "without being able to do anything, without a single peso," with her husband and eight children all locked out of their accounts.

Until days ago, Ueno was celebrated as the crown jewel of Paraguay's economic "miracle," and its $350 million bond issue in March was the largest corporate issuance in Paraguayan history.

Behind the façade, its growth was financed by a closed circuit of self-dealing and corruption. The bank lent to companies linked to its own controlling shareholder, Grupo Vázquez, "on signature alone," to firms with negative net worth. Related-party lending reached $628 million against a legal limit of roughly $80 million, and the bank concealed the excess through "accounting engineering" and a chain of shell companies. The BCP's former head of supervision, Fernando Rivarola, documented these maneuvers in a 25-page report in July. He was promptly removed from his post by decree of President Peña, and the report was concealed from the Senate.

The fusion of state and capital

Peña, a former IMF economist, was a shareholder in Ueno Holding, the parent of the bank's controlling group, until March 2025, well into his presidency. He appointed Carlos Carvallo, the former president of Financiera Ueno, the bank's predecessor, to head the Central Bank, the very institution responsible for supervising Ueno.

Two months later, Ueno obtained its banking license. Government deposits at Ueno soared from under $100 million in January 2024 to roughly 20 percent of all public-sector bank deposits by September 2026. When the bank's solvency

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problems became public, Peña dismissed the criticism as a "petty and deceitful media campaign."

The revolving door was not a scandal to be exposed; it was the operating principle of the state. When the scheme collapsed, it was not the capitalists who bore the losses but the pensioners, the domestic workers and the small savers.

Peña was also an enthusiastic participant in the reactionary reorganization of Latin American politics under the aegis of US imperialism. He called Trump's foreign policy team "a dream come true" and joined Trump's "Board of Peace," designed to legitimize Israel's genocidal campaign in Gaza. In March, at Trump's Doral resort, he joined the Shield of the Americas, whose governments pledged to cooperate with Washington in using military force against the region's oppressed masses and the political opposition, decorously branded as "narco-terrorists."

Peña's political patron is Horacio Cartes, the tobacco baron and former president who remains the dominant figure in the Colorado Party. Cartes has long been linked to contraband cigarette trafficking. The Biden administration sanctioned him for "significant corruption," and the Trump administration scrapped the sanctions.

This is the security apparatus of imperialism functioning as it always has: not to suppress corruption and ties to drug cartels, but to suppress the working class under the banner of fighting crime.

The Colorado Party, which has ruled Paraguay for nearly all of the past 80 years, spanned both the Stroessner dictatorship and the "democratic transition" without any meaningful rupture. It is the organizational expression of the landed oligarchy, agro-industrial bourgeoisie and criminal-financial networks, and Peña was its modernized managerial layer.

His "miracle," 6.6 percent growth in 2025 and investment-grade ratings won with low taxes and cheap labor, rested on extreme inequality and unrestrained financial speculation. More than 60 percent of the workforce labors in the informal economy, and the state's tax take is 11.3 percent of GDP, among the lowest in the region. Ueno's celebrated "financial inclusion" meant issuing one million credit cards to people with no capacity to repay.

A controlled demolition and the response of workers

Peña's fall was sealed when Cartes announced Colorado support for impeachment, declaring: "We will not stand on the side of the theft of public, private, and retirees' funds." This is not justice; it is the bourgeoisie performing a controlled demolition to protect the system that produced Peña.

According to *El País*, Cartes spent Thursday running "a parallel power command" from the Colorado Party headquarters alongside Vice President Pedro Alliana, his choice as successor. His aim was to have Peña's resignation accepted, with the immunity it carried, and to swear in Alliana quickly. When opposition and dissident Colorado legislators blocked this in an irregular joint session, Cartes's legislators walked out to break the quorum. The same Colorado majority had already voted down a motion to impeach Alliana, 48 to 30.

Peña, for his part, has threatened to "lay out my truth before all citizens, even if it is uncomfortable for many political actors." The factions are fighting not over the fate of the bank's depositors, but over who controls the levers of the state and the plundered funds.

In 1999, the assassination of a vice president and the massacre of protesters forced President Raúl Cubas Grau from office, and the crisis ended in a reshuffling of the ruling clique. Today, the ruling class is attempting the same under far more explosive conditions.

On Thursday night, protesters outside Ueno's headquarters drove out Paraguayo "Payo" Cubas, the far-right leader of Cruzada Nacional, who calls for dictatorship and is promoted as the "Paraguayan Milei." They blocked his path, shouting "opportunist," and denounced him for the senators elected on his lists who went over to Peña's camp. "Santiago Peña and the Colorado Party have stolen all our savings," one protester told reporters. "We are fed up with 70 years of plunder."

This anger cannot easily be channeled behind an alternative far-right figure. It represents the objective potential for an independent movement of the working class: for the full restitution of all savings and pension funds, the opening of the books of Ueno, Grupo Vázquez and the Central Bank, and the seizure of the assets of all who profited.

Leon Trotsky's theory of Permanent Revolution holds that in countries of belated capitalist development the national bourgeoisie is organically incapable of resolving even its own democratic tasks, and the Ueno affair confirms it. Paraguay's ruling class has never broken from its comprador and criminal character, and the tasks of genuine national sovereignty and ending the plunder of public wealth can be carried out only by the working class, organized independently of all bourgeois parties and factions.

What is required is the construction of a section of the International Committee of the Fourth International in Paraguay, armed with the program of socialist revolution: the expropriation of the financial oligarchy, the nationalization of the banks under workers' control and the international unity of the working class.

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