“We are fed up with 70 years of plunder”

Paraguay: The Ueno Bank collapse and the deepening crisis of bourgeois rule

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A week after the collapse of Ueno Bank brought down the government of Santiago Peña, the first of Washington’s “Shield of the Americas” regimes to fall, the crisis in Paraguay continues to deepen. The impeachment and arrest of the president and nearly 30 other figures from the state and the bank has exposed the rottenness of the entire edifice of bourgeois rule, setting in motion a movement of the working class, pensioners, and youth that the ruling class is desperately trying to contain.

On Monday, November 9, public school teachers launched an indefinite national strike, suspending classes and marching in Asunción and departmental capitals. The strike, called by the National Union of Educators, the Federation of Educators of Paraguay, and the Organization of Education Workers, is over the fate of some US$60 million in teachers’ pension funds deposited at Ueno, which has been practically bankrupted.

Pensioners, organized through the National Coordinator of Retirees and Public Forces, have held rallies in front of Congress demanding the return of funds stolen from the public-pension system, and other public bodies. Coordinator Diosnel Sotelo said the state was returning money to individual savers, but “the money that was stolen from the (Social Security Institute), the money that was stolen from the Fiscal Fund… how will it be recovered…” The retirees are preparing a “roadmap” of legal claims and have threatened a “new great demonstration of public force.”

Behind these organized actions there is a broader social explosion. Since the bank’s seizure on November 3, there have been daily mobilizations outside Congress, outside Ueno’s headquarters, outside Peña’s mansion, where protesters chanted “Stealing is a crime only for the poor.” The demonstrations have drawn in youth who have no memory of the Stroessner dictatorship, but who have now experienced, in a single week, the theft of their savings and the collapse of the “modern” financial system that was sold to them as progress.

The crisis has also struck the working class directly. Employees of the Monchis delivery platform, on the payroll of the ITTI technology firm within the Vázquez Group, have not received their wages because of the injunctions imposed on the company. More than 900 delivery drivers and over 1,000 businesses depend on the app. The workers have demanded that the money for wages be separated from the assets frozen in the criminal investigation. “Behind every unpaid wage is a family,” their communiqué states. “Workers are not responsible for management’s financial decisions.”

Impeachment and raids

The political superstructure has been shaken to its foundations. Peña was impeached by a unanimous Senate vote and was charged on Saturday with breach of trust and mismanagement for personal gain, crimes carrying up to 20 years in prison. He is being held in pretrial detention at a military base. The former Central Bank president, Carlos Carvallo Spalding, who moved directly from the presidency of Ueno to the presidency of the institution that regulated it, has also been arrested and charged with breach of trust, forgery of public documents and embezzlement. In all, 27 people have been charged, including the bank’s eight directors, led by its 36-year-old chief executive Miguel Vázquez.

The raids on the homes of the accused have produced a picture of staggering, brazen wealth. At Peña’s summer residence in San Bernardino, police found a Level 7 Israeli-style armored vault hidden behind a false wall, with iris recognition, facial recognition, fingerprint scanning, and ballistic protection—a system “designed for military bunkers… or the protection of gold and diamond reserves.” At his Asunción residence, investigators seized computers, cell phones, a hidden DVR in a concealed compartment, and an empty safe. At Vázquez’s home, they found nine luxury vehicles worth $1.4 million. Prosecutors have opened proceedings in Luxembourg, Argentina and the United States to trace and freeze assets abroad.

The indictment alleges that Peña, a shareholder in Ueno’s holding company until March 2025, obtained two loans from the bank worth approximately US$500,000 in 2024 to build his mansion, with a monthly mortgage payment of $38,000, six times his presidential salary. His daughter-in-law allegedly received a $1.4 million loan for a boutique that was never repaid. The bank lent $628 million to companies linked to its own controlling shareholder, against a legal limit of roughly $80 million, concealing the excess through “accounting engineering” and shell companies.

The ruling class and its media are now straining to present all of this as proof that the institutions work. The rapid arrest and charging of those involved, the argument runs, “sends a very strong signal… that you can no longer do this kind of thing in Paraguay.” The *Financial Times* quotes a consultant praising “the start of corrective measures.” The message is that Ueno was an aberration and that the system has now corrected itself.

This is a lie. The institutions did not expose the fraud but sought to cover it up. The Central Bank received at least ten warnings since last year about Ueno’s lending to related parties. A supervisor, Fernando Rivarola, circulated a 25-page report in July calling the bank “a financial time bomb”—and was removed from his post by decree of President Peña, with his report concealed from the Senate. The bank was only seized after the political struggle between Peña and his patron, Colorado Party president and wealthy businessman Horacio Cartes, reached the point where Cartes, seeking to destroy his former protégé, ordered his party’s senators to demand a report from the Central Bank. As the *Financial Times* itself

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concedes, “this crisis was only resolved because Cartes decided to abandon Peña for political reasons.”

The intervention of US Secretary of State Marco Rubio must be understood in this light. Rubio declared that “we have had a good, constructive relationship with President Peña, but there is an internal process underway in Paraguay in which we are not involved and will not become involved,” and that the change “will not negatively affect our relationship in any way.” The US Embassy issued a statement calling for “social civility and adherence to the Constitution.”

This is the voice of an imperialist power that built the regime now in crisis, and that is alarmed at the prospect of its breakdown. Washington’s concern is for the stability of a client state that signed a Status of Forces Agreement in March, joined the “Shield of the Americas,” and was held up by Rubio himself as “an example for other countries.” Rubio’s statement is simultaneously a reassurance to the new government of Peña’s former vice president and successor Pedro Alliana and a threat to the population: the US will tolerate a controlled reshuffling of the ruling clique, but it will not tolerate an independent movement of the working class. The “institutions” that are said to “work” are the same institutions that, under the Stroessner dictatorship and ever since, have functioned to suppress the working class under the banner of fighting crime and corruption.

The attempts to present Ueno as an aberration collapse on contact with the facts. Paraguay is a small, landlocked country that has been ruled by the Colorado Party for nearly all of the past 80 years, the longest unbroken party rule in the Americas. The party spanned the Stroessner dictatorship (1954–1989) and the so-called “democratic transition” without any meaningful rupture. It is the organizational expression of the landed oligarchy, the agro-industrial bourgeoisie, and the criminal-financial networks. Its current master, Horacio Cartes, is a tobacco baron and former president who rules behind the scenes, and whose fortune was built on contraband cigarette smuggling, money laundering and, according to US government files, links to drug trafficking.

Cartes is the key to the entire affair. He picked Peña as his candidate in 2023 after he was sanctioned by the Biden administration in 2022 for “significant corruption.” The Trump administration scrapped the sanctions in October last year, restoring the 83 companies in the Cartes family’s sphere of influence to full competitiveness. When Peña moved to form his own movement within the party and sideline Cartes, Cartes destroyed him, announcing Colorado support for impeachment, running a “parallel power command” from party headquarters, and installing his own man, Alliana, as president, with his personal physician, Antonio Barrios, as vice president. Alliana himself is implicated in the Ueno scandal.

The Ueno scheme was the “Paraguayan model” promoted since the first Trump administration. The model, low taxes, cheap labor, cheap energy, “financial inclusion” was a mechanism for the plunder of public wealth and the enrichment of a parasitic financial oligarchy. The bank’s growth was financed by a closed circuit of self-dealing: public funds, including more than US$500 million of workers’ pension money from the Social Security Institute (IPS), $60 million from the teachers’ Public Sector Pension Fund, $163.8 million from Itaipú hydroelectric dam, and funds from National Electricity Administration (ANDE) and the Ministry of Health, were deposited in a bank that then lent to companies linked to its own owners.

The guaraní has lost 8.8 percent of its value in a week, becoming the world’s worst-performing currency. Country risk has risen 23 percent. Businesses report sales have dropped by 80 percent. The school meal program has been suspended. And the ruling class’s response is already taking shape: the new government has asked all ministers to resign, appointed Cartes’ loyalists to the Interior Ministry (Ariel Martínez, who directed the police crackdown on the 2017 protests) and Public Works, and is preparing to pass the costs of the crisis onto the working class.

A harbinger for the continent

The Paraguayan crisis is not a local affair. It is a harbinger of processes underway across the continent. As the WSWS has documented, strikes and mass protests are spreading from Mexico to Chile against austerity, war, and governments installed with Washington’s backing. The far-right alliance established by Trump to police the hemisphere is composed of regimes that are deeply unpopular, facing recession and protest. Peña’s fall came two weeks after the defeat of Trump’s candidate in Brazil and three days after the massive repudiation of the Republicans in the US midterm elections. The brittleness of these regimes is now on open display.

The conditions have emerged for the working class across the continent to unite its struggles against the reactionary oligarchy, their right-wing props, and “left” apologists. But this requires a political break with the organizations that claim to speak for the workers while subordinating them to the bourgeoisie.

The crisis has exposed the bankruptcy of every tendency that poses as an alternative to the Colorado Party while remaining within the framework of bourgeois politics.

The Paraguayan Communist Party (PCP), through its organ *Adelante!*, while producing detailed factual reporting on the crisis, calls for a “broad, independent front” to uphold “national sovereignty” against “foreign” capital, and substitutes “the people” and “the working majority” for the working class. This is the popular-front formula that has betrayed the working class in every country and every epoch. The PCP’s nationalism objectively serves the very oligarchy it denounces, by channeling working-class anger into a defense of the “national interest” that the bourgeoisie itself defines.

E’a, a left-nationalist outlet, is even more explicit. Its conclusion is that “it will depend on the citizens and the maturity of the opposition to come together for the upcoming elections.” This is the politics of the petty bourgeoisie in its purest form: the demand that the working class subordinate itself to the “opposition” Liberal Party and its allies, who are as implicated in the plunder as the Colorados, in the name of an electoral “coming together” that changes nothing.

The consequences of the Ueno collapse are already international. In Argentina, about 900 bank employees were laid off without pay. There, *La Izquierda Diario*, the organ of the Morenoite Socialist Workers Party (PTS), has covered the crisis extensively, only to advance a syndicalist orientation of pressuring management and the existing Colorado Party government. “The priority is for the companies in question to provide explanations, settle their payments, and guarantee the rights of those who supported their operations,” they conclude. That is, they offer workers no program for an independent party, socialism or taking political power.

All of these tendencies share a common opposition to the independent mobilization of the working class against capitalism. The working class cannot advance its interests through “dialogue tables” and “broad fronts,” nor wait for the next parliamentary elections. The state that stole the money is the state of the oligarchy. It must be overthrown.

The anger in the streets of Asunción holds the objective potential for an independent movement of the working class. What is required to realize it is a political program and a political leadership.

The demands that flow from the crisis are clear: the full restitution of all savings and pension funds; the opening of the books of Ueno, the Vázquez Group, and the Central Bank; the seizure of the assets of all who profited;

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the nationalization of the banks under workers' control; and the expropriation of the financial oligarchy. These demands cannot be met within the framework of the capitalist state. They require the mobilization of the working class as an independent political force, organized in rank-and-file committees against the trade union bureaucracies, and the construction of a revolutionary party.

The building of the International Committee of the Fourth International across the continent is the central political task posed by the crisis. Everything else, the impeachment, the raids, the reshuffling of the cabinet, is the bourgeoisie rearranging the deck chairs. The working class must build its own ship.



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