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V. PARAGUAY

**Third World Intervention
in the Global Cold War:
The German Federal
Republic in Paraguay**

by

**VINCENT KAMMER
AND CARLA VENNERI**

ABSTRACT

The following paper aims to contribute to the study of the Global Cold War and western interventionism in the so-called Third-World countries. Specifically, it explores the role of the Federal Republic of Germany, as a Western Bloc actor, in its bilateral relations with Paraguay under the Stroessner dictatorship (1954-1989), one of the longest and most repressive regimes in Latin America. Moreover, this study analyses the impact of the Global Cold War in the contemporary system of global governance and international order. The ideological and political dimensions of the Cold War, compounded with its military, economic and cultural confrontations, opened a window onto the rise of West-Germany as a prominent actor in international relations. An exploration of the case of its relations with Paraguay helps to achieve a broader understanding of how Third-World actors increased the spectrum of the conflict to a global level. By engaging in the study of this case within a historical perspective, this article aspires to stimulate a new analysis of the Federal Republic (FRG) interventions within the binarism of the Global Cold War. This study focuses on how bilateral relations between the FRG and Paraguay, inserted into the arena of a global iron curtain, were shaped by anti-communist discourses and oriented towards economic goals. The latter were pursued through development projects and strategies to achieve industrialization in Third-World countries. In this context, this paper explores the technical and financial aid provided to support development and modernization in several economic sectors.

1. INTRODUCTION

The following article explores the role of the Federal Republic of Germany (FRG) in the Global Cold War and its bilateral relation with Paraguay. It focuses on the time frame encompassing the big coalition CDU/CSU-SPD (1966-1969), during which Willy Brandt was simultaneously Minister for Foreign Affairs and Vice-Chancellor in the cabinet, and his subsequent chancellery (1969-1974). In a speech given by Willy Brandt on June 26, 1963, in the occasion of the US president John F. Kennedy visit to Berlin, the mayor of the divided city renewed the German's gratitude to Americans for their commitment against national socialism and fascism in Europe, while also underlining the commonality of interests, ideals, and objectives linking West-Germany and the USA.¹ In the forthcoming years, Brandt became one of the most prominent and accredited German politicians at the international level due to his *Ostpolitik* and his presidency of the Socialist International. The engagement demonstrated by Brandt as a president in the North-South-Commission led him to receive the

Nobel Peace Prize and the investiture as the main spokesman of the so-called "third way" between capitalism and communism. However, the focus of this study will neither be on the head of the CDU/CSU-SPD coalition Kurt Georg Kiesinger, nor Brandt, but on the elements of their governments that tightened the bilateral relationship between the FRG and Paraguay.

The main goal of this study is to achieve a deeper understanding of the political and economic components that were shaping the bilateral relation between Paraguay and the FRG. Simultaneously, it attempts to highlight the points of rupture and continuity in the foreign policy related to Paraguay implemented by the Kiesinger coalition and subsequently by the Social Democratic Party (SPD) led by Brandt. By analyzing the ideological and political dimensions from this period, this research also explores the economic patterns that shaped the "third-way" in-between the two hegemonic superpowers.

This analysis acknowledges the events and development of the Third World as a central concern during the Cold War and considers this conflict a continuum of the European colonial project, although driven by the paradigm of "control and improvement," rather than "exploitation or subjection."²

1 "Rede Willy Brandts am Rathaus Schöneberg zum Berlin-Besuch von US-Präsident John F. Kennedy, 26. Juni, 1963," (Deutschlandfunk) *Willy Brandt Online Biografie: Bundeskanzler Willy Brandt Stiftung*, audio, 3:22, <https://www.willy-brandt-biografie.de/quellen/audios/kennedy-1963/>.

2 Odd Arne Westad, *The Global Cold War. Third World Intervention and the Making of Our Times* (Cambridge University Press, 2005), 1-10.

According to some scholars, the origins and global evolution of the conflict are deeply embedded in western conceptions of development and progress, modernization, and Americanism.³ Historian Odd Arne Westad underlines that these ideas were expressed in the full acceptance of free-market economies as the “logical extension of the virtues of capitalism and universal liberty.”⁴ The FRG’s foreign policies related to Latin America and in particular to Paraguay should be understood within this framework. This should not be solely conceived as a result of the so-called “Americanization of Europe,” but also as the continuation of the European colonialist project.⁵ The relationship built by the FRG and Paraguay during the expansion phase of the Stroessner regime⁶ shows

the operating principles of what Patrick Iber calls “anti-communist entrepreneurs.”⁷ Furthermore, it suggests an affinity to a mentality that preferred “developmental dictatorship, rather than vulnerable democracies.”⁸

Some scholars of that time enshrined progress and modernity as the most desirable objective for every state. Within this context, undemocratic behavior was justified and legitimated.⁹ The case of Paraguay and the overthrow in Guatemala (1954) represent the emblematic beginning of a series of military dictatorships in Latin America directly supported through soft or hard intervention; orchestrated with the collaboration of

also described as the “Paraguayan Miracle” will be analyzed in this article. The third phase (1982-1989) represents the crisis and the end of Stroessner’s regime; Kevin Chambers, “Paraguay” in *The South America Handbook. Regional Handbooks of Economic Development*, eds. Monique Lamontagne and Patrick Heenan (London: Routledge, 2002): 135-38; Andrew R. Nickson, *El regimen de Stroessner (1954-1989)* (University of Birmingham, 2010).

3 Nils Gilman, *Mandarin of the Future. Modernization Theory in Cold War America* (Baltimore and London: The Johns Hopkins University Press, 1972), 1-9.

4 Westad, *The Global Cold War*, 12.

5 See Alexander Stephan, *The Americanization of Europe: Culture, Diplomacy, and Antiamericanism after 1945* (Berghahn Book, 2008).

6 Some scholars like Nickson and Chambers recognized 3 phases of Stroessner’s Dictatorship. The first phase, the “consolidation” decade (1955-1967), is characterized by the suppression of political opponents, the centralization of power in Stroessner’s figure, and the successive adoption of the first International Monetary Fund (IMF) program for economic stabilization. The expansion Phase (1968-1981)

7 Patrick Iber, “Anti-communist entrepreneurs and the origins of the cultural Cold War in Latin America,” in *De-centering Cold War History Local and Global Change*, ed. Jadwiga Pieper Mooney and Fabio Lanza (New York: Routledge, 2013), 167.

8 Gilman, *Mandarin of the Future*, 11.

9 Edward Shils, “Political Development in the New States,” *Comparative Studies in Society and History* 2, no.3 (April 1960): 265.

the Central Intelligence Agency (CIA), they converted the region into one of the most unequal and insecure areas of the globe.¹⁰

To reach a wider understanding of the economic and political relationship between the FRG and Paraguay in the Global Cold War, it might be useful to place the two countries in the orbit of American hegemony, while also considering the colonial era history and the period of German immigration and colonization. This analysis is mainly based on a qualitative approach compounded by historical, sociological, and political reviews. The core of its data is composed by the diplomatic correspondence between the FRG Embassy in Asuncion and the Paraguayan Embassy in Bonn, but also between other FRG ministries and Paraguayan institutions ranging from 1964 to 1974.

The first part of this work addresses the history of European settlers who arrived in Paraguay before the First World War (WWI), as well as the spread of German National Socialism in Paraguay during the Second World War (WWII). The second section examines the beginning of the Cold War, the strengthening of relations between the FRG and Paraguay under the anti-communist flag, and their affiliation to the Western Bloc. Here a review of the role played by the USA is essential. Finally, the article moves from the ideological links between

10 Joseph S. Nye, "Soft Power," *Foreign Policy* no.8 (Autumn, 1990): 166.

both nations, to the economic aspect of the bilateral relationship. The FRG's financial and technical aid to Paraguay was directed to several sectors of production to support development, industrialization, and modernization, which was considered necessary to acquire a more prominent position in the global stage.

2. NEW FORMS OF COLONIZATION

The political and economic affairs between the Kingdom of Prussia and the Independent Republic of Paraguay officially began in 1860 with an agreement on trade and navigation that ended a long period of economic isolation.¹¹ The main purpose of the agreement was the sale of weapons to the Paraguayan market. The agreement also paved the way for a future German market of Yerba mate. The export of this herb remained under the monopolized administration of the state and was a primary source of profit for the economy.¹² The end of the Paraguayan War (1864-1870) and

11 Heinz Schnepfen "Deutschland und Paraguay von der ersten bis zur letzten Diktatur, 1816-1989" *Jahrbuch für Geschichte Lateinamerika* 37, no. 1 (December 2000): 296.

12 Barbara Potthast, „Die historische Entwicklung Paraguay's," *Bundeszentrale für Politische Bildung*, January 8, 2008, <https://www.bpb.de/internationales/amerika/lateinamerika/44844/geschichte>.

the catastrophic consequences for the population led the government to approve a law aimed at encouraging foreign immigration through land concession and financial aid, a step toward officially legitimating a new phase of colonization.¹³

The first legitimate colony for German migrants was founded in 1881 by the Swiss immigrant Jakob Schärer under the name San Bernardino, in the Cordillera department. In 1887, Bernhardt Förster, Richard Wagner, and other anti-Semitic fanatics celebrated the foundation of New Germany in the department of San Pedro. At the turn of the century, German migrants founded yet another successful settlement, currently known as Hohenau, and established an agriculture-based economy. The most conspicuous project was held by Mennonites, who established numerous settlements in the Chaco region based on the agricultural sector too. The German historian and diplomat Heinz Schnepfen highlighted how the Mennonites sympathized with Hitler's politics without identifying themselves within the national socialist ideology.¹⁴ Other

scholars, like Benjamin W. Redekop and Frank Henry Epp, underlined the cultural, racial, and political ties of Mennonites to Germanism.¹⁵

With Law 514 from July 26, 1926, the Paraguayan government entitled rights and ensured privileges to the new colonies. For instance, Mennonites obtained the autonomy to establish their own institutions and create an education system where pupils were taught in their own language. Moreover, they were exempted from paying importation duties and national/municipal taxes for a decade.¹⁶ As Kleinpenning shows, the land assigned for Mennonite settlements was purchased through the direct financial aid of an intercontinental company, *La Corporación Paraguaya*, which was officially recognized by the government as a colonization company.¹⁷

Mennonite colonies established in the Chaco area were a successful form of legitimized colonization based on cooperatives devoted to agriculture and breeding.

13 Rudolf Plett, *El protestantismo en el Paraguay: su aporte cultural, económico y espiritual* (Asunción: Fac. Latinoamericana de Estudios Teológico, 1988): 48; Ralph Rotte, "Paraguays 'Großer Krieg' gegen die Tripel-Allianz, 1864-187" *ÖMZ Österreichische Militärische Zeitschrift* (February 2011): 6.

14 Schnepfen "Deutschland und Paraguay," 305.

15 Frank H. Epp. "An analysis of Germanism and National Socialism in the immigrant newspaper of a Canadian minority," (PhD diss., University of Minnesota, 1965), 19-74; Benjamin W. Redekop, "German Identity of Mennonite Brethren Immigrant in Canada, 1930-1960." (PhD diss., University of British Columbia, 1985), 61- 101.

16 Jan M.G. Kleinpenning, *The Mennonite Colonies in Paraguay. Origin and Development*, (Berlin: Ibero-Amerikanisches Institut, 2009), 5.

17 Kleinpenning, *The Mennonite Colonies in Paraguay*, 5.

With the support of the Paraguayan government and incentives (technological and economic) from La Corporación Paraguaya, the colonization of Chaco became an achieved goal. By the end of the 1950s, the activity of the colonies was extended to the production of cotton, the extraction of Palo Santo oil, and other activities related to seeds and new strains of plants.¹⁸ The case of Chaco is crucial for the present analysis, due to the strategic importance acquired by the area in the forthcoming years. The war between Bolivia and Paraguay (1932-1935) for the control over the Gran Chaco region was marked by a strong presence of Germans in the ranks of the Paraguayan military. Amongst them was Alfredo Stroessner, who would later rule Paraguay during the years of the Cold War. At the end of the 1920s German immigration to Latin America was conspicuous and, as Schneppen underlines, Paraguay was for them “das Land der Verheißung,” the Promised Land.¹⁹

18 Kleinpenning, *The Mennonite Colonies in Paraguay*, 8-10.

19 Schneppen “Deutschland und Paraguay,” 303. All citations have been translated from German or Spanish to English by the authors.

2.2. US INTERFERENCE IN THE POLITICAL INTERNAL AFFAIRS OF PARAGUAY

Despite the German-Paraguayan history of colonization, Paraguay did not play any relevant role in the USA foreign policy towards Latin America until the beginning of WWII. As the Paraguayan historian Alfredo Seiferheld underlines, in 1929 Paraguay faced the foundation of the first Nazi party recognized and directly supported by Germany.²⁰ The penetration of German National Socialism in Latin America and the constant growth of trade between Germany and Paraguay alarmed the US, which then regarded National Socialism as a global threat to the idea of a free market economy and thus, deemed necessary an American intervention in the Southern Cone.²¹

The American interest in expanding their sphere of influence to Paraguay was not just moved by the fear of Nazism, but mainly by economic interests. At the dawn of WWII, two conspicuous rounds of financial aid amounting to 3.5 and 11 million USD were allocated to Paraguay in military equipment, in

20 Alfredo M. Seiferheld, *Nazismo y fascismo en el Paraguay. Víspera de la II guerra mundial. Gobierno de Rafael Franco y Felix Paiva (1936/1939)* (Asunción: Editorial Histórica, 1985), 70.

21 Frank O.Mora, “The Forgotten Relationship: United States-Paraguay Relations, 1937-89,” *Journal of Contemporary History*, no. 33 (July 1998): 452-454.

exchange for the concession over the port of Asunción in 1940 to an American corporation, which officially formalized the start of the era of American financial aid to Paraguay.²² From this time until 1980, the US financial aid provided by the USA to Paraguay increased continuously. Through this strategy, the Americans foreign policy toward Paraguay was able to reach two significant results: first, these commercial, financial and diplomatic ties led Paraguay to become economically dependent on foreign assistance, opening new perspectives of profit for the US investment market and, more generally, for the private sector. Second, the dependency—enhanced through soft intervention—enabled the USA to exercise influence and control, forcing Paraguay to break its alliance with German National Socialists. During WWII and in the forthcoming decades, foreign capital aid became essential for Paraguay. According to statistics, the end of 1939 was characterized by the presence of 93 million USD in foreign capital, 20 percent of which was provided by the United States, and 15 percent by Germany.²³

22 Michael Grow, *The Good Neighbor Policy and Authoritarianism in Paraguay: U.S. Economic Expansion and the Great-Power Rivalry in Latin America during World War II* (Lawrence: Regents Press of Kansas, 1981), 50.

23 Naciones Unidas: Comisión Económica Para América Latina y el Caribe, “Las empresas transnacional en la economía del Paraguay,” in *Estudios e informe de la Cepal*, no. 61

3. FRG, THE USA, AND PARAGUAY AFTER WWII

The USA imperialist strategy of intervention in Third-World countries had begun before and during WWII, as a reaction to the military confrontation with Bolsheviks during WWI and a “response to the Great Depression.”²⁴ At the beginning of the 1950s, the Cold War was already global and Third-World interventions became one of its important characteristics. According to Nicolas Guilhot, at the end of WWII, development aid to the Third World provided by the USA concealed the intention to enlarge the international circuits of capital and the appropriation of new territories to be exploited.²⁵ The US strategy of backing the rise of nationalism in Third-World countries, as Guilhot continues to explain, was aimed at preventing these countries from ending up under Soviet influence and jeopardizing the American dream of world leadership.²⁶ In that sense, Stroessner’s dictatorship was part of the US strategy for political stability in the Southern Cone.

In 1954, the year of the Paraguayan military coup, the Cold War had reached its peak. The small

(1987): 13.

24 Westad, *The Global Cold War*, 19, 20, 24.

25 Nicolas Guilhot, *The Democracy Makers: Human Rights and International Order* (New York: Columbia University Press, 2005), 104.

26 Guilhot, *The Democracy Makers*, 104.

country in the southern cone was strategically located. By the end of the 1950s, the FRG completed the integration process in the Western Bloc through its official entrance in the North Atlantic Pact (NATO) and the unification of West Berlin. These events signaled the return of the FRG as a power actor on the international stage. According to historian William Gray, the FRG's concerns at that time were directed towards affirming its monopoly on the international scenario as the only legally recognized German State.²⁷ In the first half of the Global Cold War, the foreign policy towards Latin America complied with the Hellerstein Doctrine, an effort to undermine the international legitimacy of East-Germany.²⁸

The first trade agreement between the FRG and Paraguay after WWII is reported by the weekly magazine *Die Zeit* on March 2, 1950. With a trade exchange of 5.2 million USD, the deal aimed to provide new machinery and metals, but also equipment for industrial and domestic use. At the top of the list of the most exported goods from Paraguay to the FRG were

cotton, hides, and lumber.²⁹ From September 15 to 20, 1964, Berlin hosted the first post-war Industry Forum under Brandt's leadership titled "Foreign Trade and Private Investment." The forum involved Latin American countries that were part of the Alliance for Progress, an organization engaged in avoiding the spread of the Cuban Revolution. The central theme of this forum focused on exports enhancement through economic planning and new cooperation between public and private companies. Another topic of the forum concerned the World Bank's project in Latin America. In this context, the presence of the Paraguayan Minister of Industry and Trade José Moreno Gonzales, as well as the participation of prominent members of new regional institutions such as the Economic Commission for Latin America and the Caribbean (CEPAL), the Latin American Free Trade Association (LAFTA), the Secretary of Economic Integration of Central America (SIECA) signaled the beginning of a new globalized era.³⁰

3.2. GLOBAL COLD WAR IN TIMES OF THE 1968 UPRISING

The beginning of the Kiesinger-Brandt era in the FRG coincides with the collapse of the

27 William G. Gray, "Cold War Hinterland: West Germany and the Establishment of the Brazilian Dictatorship," in *German Yearbook of Contemporary History* (Berlin/Boston: De Gruyter, 2017), 120.

28 Cornelia Navari, *Internationalism and the State in the Twenty Century* (New York: Routledge Taylor & Francis Groups, 2000), 172.

29 "Paraguay-Baumwolle" *Die Zeit*, Nr.09/1950, March 2, 1950.

30 "Latin American Countries at the Industry Forum, Berlin 1964 in LAB, B Rep. 002, Nr. 5479.

Hallerstein doctrine. The German Democratic Republic (GDR) had obtained its legitimacy as an independent state in other Third World countries. This period remains characterized by a strong anti-communism agenda, which was, as Thomas Banchoff points out, an overlapping priority for Kiesinger and Brandt's foreign policies.³¹

In 1967 the Stroessner regime started a period of economic growth that some scholars defined as "the Paraguayan Miracle."³² In the political report of the same year, the German Embassy in Asunción reported a situation of "Innenpolitischer Stabilität" (internal political stability) in contrast to the revolutionary movements active throughout the Southern Cone. This was a crucial year for Paraguay, due to the introduction of a new constitution which increased the president's political power. The ambassador Hubert Krier considered the constitution as a "milestone" for the beginnings of a democratic process.³³ The declared state of

exception in the provinces of Itapúa and Alto Paraná was enforced under the excuse of the increasing activities of the Organización Latinoamericana de Solidaridad.³⁴ This report displays the German diplomat's distorted view of the situation in the area. Such a perspective seems to be driven by the classic fear of a possible revolutionary influence in the region, rather than an objective observation of the events.

Stroessner positioned himself as a bitter anti-communist enemy. He supported "Unser Wunsch," the FRG's desire to recognize the exclusion of the GDR from the United Nations.³⁵ The loyalty to the Western Bloc was functional to legitimize his power and to justify the corrupted system of bureaucratic clientelism he created. The third re-election of Stroessner in 1968—carried out under conditions imposed by the new constitution, approved despite the massive protests of the three opposition parties and the Paraguayan episcopate—plunged the country into a spiral of violence and repression.³⁶ This was recognized by the Comisión de Verdad y Justicia as the "consolidación de la dictadura con rostro democrático,"³⁷

31 Thomas Banchoff, *The German Problem Transformed: Institution, politics, and Foreign Policy 1945-1955* (Ann Arbor: The University of Michigan Press, 1999), 76.

32 Kevin Chambers, "Paraguay," in *Regional Handbook of Economic Development. The South America Handbook*, ed. by Rory Miller and David Roch (New York: Routledge Taylor&Francis Group, 2013), 136.

33 "Annual Political Report Paraguay 1967," from German Embassy in Asunción to Federal Foreign Office Bonn 12.02.1968, PA AA, B 33, Bd.

520.

34 "Annual Political Report Paraguay 1967, PA AA B.33, Bd. 520; 3, 4.

35 "Annual Political Report Paraguay 1970", from German Embassy in Asunción to Federal Foreign Office Bonn, 1.04.1971, PA AA, B 33, Bd. 559.

36 "Annual Political Report Paraguay 1967," PA AA, B 33, Bd. 520.

37 Mario Melanio Medina, "Informe

as the consolidation of a dictatorship disguised as democracy. It was also the year Paraguay obtained membership at the United Nations as a non-permanent member. The alleged conspiracy to kidnap the Paraguayan Foreign minister Raúl Sapena Pastor to Cuba functioned as an excuse to increase the repression against any kind of dissent.³⁸ The opponents of the Colorado Party, Stroessner's party, had to seek exile in Uruguay and could not take part in the internal political life of the country. Any attempt at communist propaganda failed in the face of the effectiveness of the repressive apparatus put in place by the regime.³⁹ For David Rockefeller's visit to Paraguay on June 19, 1969, Stroessner prohibited all forms of propaganda and opposition through the so-called "Decreto N.5904."

The loyalty of Stroessner to anti-communism was used domestically to pursue the economic and political interest of its corporative apparatus, and to justify the spread of state violence. Externally, the FRG

took advantage of the dictatorship's position to enlarge its imperialistic influence over Latin America.

3.3. FRG AS AN EXPERT OF GLOBAL DEVELOPMENT

According to Fernando Pedrosa, the FRG's politics towards Latin America were not a projection of the US policy in the continent, but the affirmation of its own interests.⁴⁰ The global 1968 uprising overlap with the formalization of the FRG's interests in Latin America and the official new strategy of "elastic cooperation" pursued by the German Social Democracy Party.⁴¹ While Brandt was visiting Chile, Uruguay, Argentina, and Brazil, the two state secretaries Rolf Lahr and George Ferdinand Duckwitz were sent to Mexico, Colombia, Peru, and Paraguay. The report of the visits makes the main purpose of the mission clear: it was time to increase the economic and political interventionism in Latin America.

A central point of the Global Cold War from the American perspective—and consequently for its allies—was "to ensure that developing countries (...) reach modernity and statehood without triggering more social upheavals,"

Comisión Verdad y Justicia Paraguay Conclusiones y Recomendaciones" 2008, accessed November 18, 2019, http://www.derechoshumanos.net/lesahumanidad/informes/paraguay/Informe_Comision_Verdad_y_Justicia_Paraguay_Conclusiones_y_Recomendaciones.pdf

38 "Conspiracy about the abduction of the foreign Paraguayan Minister to Cuba", from German Embassy in Asuncion to Federal Foreign Office Bonn, 28.11.1968, PA AA, B33, Bd.520.

39 "Annual Political Report Paraguay 1967", PA AA, B 33, Bd. 520; 4, 5.

40 Fernando Pedrosa, "Elastic Cooperation" in *Willy Brandt and International Relations: Europe, the USA, and Latin America, 1974 – 1992* eds. Bernd Rother and Klaus Larres (Bloomsbury, 2019), 176.

41 Pedrosa, "Elastic Cooperation" 163, 164.

which had the potential to destroy the geopolitical balance of the Global Cold War. From this perspective, argues Guilhot, modernity could be achieved through a rigorous path of scientific knowledge, conceived in the civilized Global North, and exported to developing Third World countries.⁴² Therefore, the mission of the industrialized nations was to provide both capital aid and specialists. On the strict basis of their scientific knowledge, they were supposed to support development, preparing Third World countries to independently pursue their way to progress. In the context of the FGR, the term “modern” had already become a central political concept by 1967.

The period between 1967 and 1974 saw the proliferation of trade agreements that triggered development aid in the form of capital and technical support. The development and implementation of new private projects reflected the commitment of the FRG to expand its already considerable technical assistance to Paraguay. The amount of capital aid in the 1960s was conspicuous and directed to small and middle industries, divided into two tranches, each one amounted to 12 million DM.⁴³ Capital aid was mainly directed to specific companies in the timber processing industry, aiming to contribute to the

diversification of the Paraguayan production with an export-oriented vision.⁴⁴

The capital aid that the FRG provided in those years (1966-1974) for development in Paraguay coincided with the capital provided by other international organizations such as the World Bank or the Inter-American Development Bank (IDB). The numerous and meticulous exchanges of information between the German embassy in Asunción and the foreign relations office in Bonn seems to indicate a synchronized developmental policy:

For the construction of the hydroelectric power plant Acaray (Alto Paraná), the 58% of the financial capital is provided by the IDB, the 21% comes from the state electricity authority ANDE [...]. The second major infrastructure project, regarding an asphalt road from Encarnación to Asunción, is held by the German company Hochtief.⁴⁵

In a similar gesture of cooperation, Brandt’s report as chairman of the Nord-Süd-Kommission in 1980 recommended the use of the World Bank guarantee authority to improve access of developing countries to the capital market, and a common international presence in the global project of

42 Nicolas Guilhot, *The Democracy Makers*, 105, 111, 113.

43 “Annual Political Report 1967,” 13, 14, PA AA, B 33, Bd. 520.

44 “Paraguay Economic Development Report 1967,” from German mbassy in Asuncion to Foreign Office Bonn 31.5.1968, PA AA, B 58, Bd. 1020; 21, 22.

45 “Paraguay Economic Development 1967”, 22,23.

development.

While the public funding by the FGR to the industrial progress in Paraguay was significant, the private interests of certain German industry giants were not an exception. Thyssen Krupp company began to build a cement factory in Valley with a capacity of 100,000 tons of cement⁴⁶. Siemens was responsible for building the telephone infrastructure in Paraguay. The city network of Asunción was extended to six central offices.⁴⁷ The technical support for development that was not sent through capital aid entailed the dispatch of qualified advisers. The involvement of German scientists covered almost every segment of production identified by Bonn as strategic for future profits. From agriculture to animal breeding, including the chemical and metallurgical industries, the interference of the FGR extended into key institutions for the future planning of Paraguayan development. One of the crucial Paraguayan institutions responsible for the planning of development programs, Banco del Fomento, employed a German industrial expert in 1967.⁴⁸ By the end of 1969, an expert was sent to Paraguay

46 "Paraguay Economic Development Report 1968" from German Embassy in Asunción to Foreign Office Bonn 24.4.1969, 23,24 PA AA, Bd.1095.

47 "Paraguay Economic Development 1967" 24, 25; PA AA B 58, Bd. 1020.

48 "Capital Aid for Paraguay; Second Tranche of 12 Million DM" PA AA, B 58, Bd. 1257.

for a two-year mission to advise the Secretary for Development, Economy, and Social Order to set up regional and macroeconomic development programs, and to train the local professionals in these fields. 187,000 DM were provided just to begin. The project completed the goal in a meaningful way, sending another industrial-engineering advisor, who had been employed at the Paraguayan Development Bank under German Technical Assistance.⁴⁹

FRG's development aid to Paraguay went hand in hand with the regime's rise in the international arena. In 1968, during his visit to the United State, Stroessner made a short speech to the members of the council of the Organization of American States (OAS). Paraguay's foreign policy focused on efforts to promote regional alliances within the Latin American Free Trade Area (ALALC). The dictator considered the implementation of a selective, duty-free regime, to be an improper measure for the Paraguayan economy. In contrast, he promoted a tight regional integration policy within the ALALC, which was crucial for building a common development policy.⁵⁰

49 "Expert for the Secretary for Development, Economy, and Social Order" IRA Technical Aid 2.9.1969, PA AA, B 58, Bd.1257. "Presentation to the Interministerial Committee for Technical Aid" from the Federal Minister for Economic Cooperation Bonn 31.07.1969, PA AA, B 58, Bd. 1257.

50 "Annual Political Report Paraguay 1968", from Germany Embassy in

In the era of Social Democracy, the transfer of aid in the form of capital or through technical experts continued. On April 12, 1972, the FRG granted Paraguay another capital aid of 7.5 million DM to complete its telecommunications network, an amount further increased by 4.6 million in May 1973.⁵¹ These loans were accompanied by the deployment of five German telecommunications experts and by the granting of scholarships for Paraguayan telecommunications technicians. The financial and technical aid provided by the FRG and the participation of private giants in the modernization of the country underlines how ambitious and competitive this development-imperialist project was.

3.4. DEVELOPMENT PLANS FOR THE CHACO REGION

The example of the Gran Chaco region, and the interest displayed for the other colonies distributed all over the Paraguayan territory, illustrate the way European colonialism and imperialism have never waned. The 14,000 German Mennonites who moved to Paraguay after WWII gained considerable recognition from the Paraguayan government and were subsidized by the Federal Government.⁵²

For the Chaco region, the FRG's plans were ambitious. In 1968, in response to a request submitted by some colonies of this region (Menno Neuland and Fernheim), the FRG undertook a significant development project designed to be a guide for improving the selective breeding of cattle, sheep, pigs, and poultry. The project set up a study about the market possibilities, the preparation, preservation and construction of slaughterhouses, cold stores, and cooperatives.⁵³ German support of the great plan to tame the "green hell,"⁵⁴ wanted by Stroessner

Gesprächsinformation in PA AA, B 58, Bd. 1257.

53 "Support for the Technical Aid to Menno, Fernheim and Neuland," From German Mennonites Council to German Embassy, Asuncion 10.10.1967, PA AA, B58, Bd. 1257. "Technical Aid for Paraguay; support for the Mennonites Colonies in Gran Chaco; Resolution of the water's issued", from German Embassy in Asuncion to Foreign Office Bonn 23.9.1970, PA AA, B.58 Bd.1257. "Slaughterhouse for Mennonites Colonies in Chaco, Church Aid, Capital Aid for the improvement of cattle industry", from German Embassy in Asuncion 15.7.1970, PA AA B.58, Bd. 1257.

54 Green Hell is used by different scholars, writers, and also by the Mennonites to describe the harsh climate conditions in the Chaco region, rendering human settlements and life difficult. Temperature is daily reaching 45°C and arid zones are covering the entire territory. Adrian G. English, "The Green Hell: A Concise History of the Chaco War between Bolivia and Paraguay 1932- 1935" (Stroud, Gloucestershire: Spellmount,

Asunción 28.2.1969, PA AA , B. 58, Bd. 559. (zwischenarkiv)

51 "Foreign Economy Circular No. 21, 1972," in PA AA, B 58, Bd. 1257.

52 Deutsche Kolonie

himself, continued in the Brandt era. The project was made possible only through the agrarian reform of 1962. The reform's intention was to create a property-owning class of farmers able to be part of the national economy and enable Paraguay to join the international competition on an equal level with Argentina and Brazil. Through public financial support, the dictatorship assigned lands to colonists and eliminated the old peasant's practice of spontaneously occupy vacant lands.⁵⁵ The capital aid to produce crops was provided by the Banco Nacional de Fomento and the Crédito Agricultura de Habilidadación. The technical and financial aid aimed at boosting the industrialization in Chaco continued to increase in the Brandt era.

After a long history which included Mennonite efforts and the support of the FRG and other foreign capital aid, Chaco has been transformed into the sixth largest exporter of beef worldwide.⁵⁶ Despite this "success," since the colonists started to settle in Chaco, the indigenous peoples have been dispossessed from their land, excluded, and exploited as cheap worker force.⁵⁷

2007).

55 Michael Albertus, "Political Regimes and distribution" (PhD diss., Stanford University, 2011), 147.

56 Joel Correia "Mennonites helped turn Paraguay into a mega beef producer-indigenous people maybe pay the price," *Center for Latin America Studies University of Florida*, March 10, 2020.

57 Paola Canova, "Los Ayoreos en las

3.5. POWER TO THE MILITARY AND TECHNOLOGY

In 1955 the FRG became a member of NATO, restarting its military production. According to the historian Dimitrios Gounaris, every Latin American country was a customer of the FRG military industry.⁵⁸ Diplomats ensured that military aid or sell reached the governments that maintained the "political stability" of the Southern Cone. In 1972 the FRG Office for Foreign Affairs, in cooperation with the FRG Ministry for Economic Development, supplied the Paraguayan police with radio transmitters. They included training in how to use the technology. The equipment was offered to the Paraguayan forces at no cost and the German side was even willing to organize shipping and distribution.⁵⁹ In 1968 the FRG Office for Foreign Affairs allowed the company Rheinmetall to export

colonias Mennonitas. Análisi de un enclave agro-industrial en el Chaco paraguayo," in *Capitalismo en la selvas. Enclave industrial en el Chaco y Amazonia*, ed. Cordoba, Bossert, and Richard (San Pedro de Atacama: Ediciones del desierto, 2015), 271-279.

58 Dimitrios Gounaris, *Die Geschichte des Sozialliberalen Rüstungsexportpolitik: Ein Instrument der deutschen Außenpolitik 1969–1982* (Nürnberg, 2019).

59 "Response by German Minister of Defense to Paraguayan Ministry of Defense", Juli 21st 1966, PA AA, B 57, Bd. 173.

10,000 rifles and 200 automatic rifles to Paraguay.⁶⁰ The approval regulating the export of war weapons was accompanied by the note about the importance of the military for the Paraguayan state. As per usual in a military dictatorship, the Paraguayan forces oversaw many tasks that were technically the realm of civil society. This situation led the FRG administration to promote the support of the Paraguayan armed forces as a supposedly civil and peacefully operating actor. For example, the military organized most of the civil air traffic in Paraguay. The airline Transporte Aéreo Militar (TAM) was responsible also for most of the civil air traffic. The FRG state was willing to go to unusual lengths when the possible sale of planes to the Paraguayan air force was being negotiated in 1970. Even though the volume of the transaction was much higher than the officially estimated recommendation for business with Paraguay, and there were disagreements about the condition of the Dornier company, the FRG government approved a federal guarantee for the trade.⁶¹ The considerations enabling these aid and trade agreements were

60 Response by German Minister of Defense to the German Ministry of Economy, January 11th 1968, PA AA, B 57, Bd. 117.

61 "Sell of military aircrafts by Dornier AG," Letter from German Embassy in Asuncion to the German Foreign Ministry in Bonn, 13.10.1970 PA AA, B 57, Bd. 173.

accompanied by discourses about civil society and development aid as a road to democracy. However, it was the stable modernization of Paraguay and thereby the strengthening of an economic partner of the FRG, with whom they also shared a long history, that was the decisive argument in the negotiations.

Correspondence between the ministries of defense of Paraguay (General Leodegar Cabello) and the FRG (Kai-Uwe von Hassel) appears in 1966 documents of the successful negotiations for the sale of military equipment from the FRG army (trucks and radios) to the Paraguayan state. The trade was approved even though it remains unclear if Paraguay was at that time involved in an armed conflict with Argentina. The crucial role that the military played in Stroessner's presidency, argued the Ministry of Defense, implied that the FRG's support should increase in the military sector, especially with regard to the increasing activity of communist guerrilla.⁶² This last example further shows that the FRG repeatedly used the threat of a potential rise of communism to legitimize dangerous transactions to Paraguay that did not contribute at all to peace and democracy. This is also closely linked to the long history of German settlements in Paraguay. The companies Dornier, Krupp, and Rheinmetall for example were already

62 "Response by German Minister of Defence to the German Ministry of Economy, 1.11.1968 PA AA, B 57, Bd. 117.

making business in the region for a long time.⁶³ However, despite this trade, Paraguay received less military equipment from the FRG than other Latin American countries.⁶⁴

4. CONCLUSION

The analysis of the diplomatic correspondence and the historical literatures revisited by this paper have provided insights into the global geopolitical setup that framed the political decisions of those times. It also sheds light on the ideologic and economic interests that motivated officials in their respective national administrations when negotiating international affairs.

Since the end of the WWII, the FRG's ties to Latin American countries have been shaped by its close alliance with and dependence on the USA. The FRG foreign policy towards Paraguay combined the intention to re-establish the FRG as global power into the global free-market economy with a strong anti-communist stance. This encouraged

the FRG to approve developmental dictatorships rather than real democracies. The implementation in the Third World of an interventionist-developmental approach was fuelled by a concept of modernity that originated in the colonial history of German/European expansion and was heavily influenced by American imperialism.

The analysis of the bilateral relations between Paraguay and the FRG contributes to a re-evaluation of the Cold War as a global conflict, underlining its ideological origins and its long effects on Third World countries. This era began much earlier and extended its effect lasted longer than thought. For this reason, we hope to stimulate new research about the context of a Global Cold War as a preparatory historical, political, and economic frame for the current globalization.

63 Christian Leitzbach, "Stories from 125 years of Rheinmetall," *Rhein etall AG*, accessed March 24, 2020, https://www.rheinmetall.com/de/rheinmetall_ag/group/corporate_history/index.php. Hans Michael Kloth, "Als die Wale fliegen lernten," *Der Spiegel*, 2009, accessed March 24, 2020, <https://www.spiegel.de/geschichte/luftfahrt-legende-a-948446.html>.

64 Gounaris, *Die Geschichte des Sozialliberalen Rüstungsexportpolitik*, 446.