Itaipu’s Forgotten History: The 1965 Brazil–Paraguay Border Crisis and the New Geopolitics of the Southern Cone

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Abstract. This article chronicles the fifteen-month border conflict between the military regimes of Brazil and Paraguay that occurred between March of 1965 and June of 1966—a stand-off that paved the way for the Itaipu project that would become the largest dam in the world. In the context of the 1960s Cold War, both governments saw a large-scale dam on the Paraná River as a means to catalyse industrialisation and strengthen the political legitimacy of their respective authoritarian regimes. Yet the border crisis was not a stand-off between equal powers. Brazil was the much stronger force, and, with the backing of the United States, the Brazilian dictatorship brought Paraguay firmly under its sphere of influence while also marginalising neighbouring Argentina. The border question at Guaira served as a springboard for Brazil’s rising power, and subsequently transformed the geopolitical landscape of the Southern Cone.

Keywords: development, dictatorship, diplomacy, borderlands, Cold War

On 21 March 1965, a group of nearly 100 Paraguayans gathered along the shores of the Paraná River, the waters of which formed the physical border with neighbouring Brazil. This contingent included high-ranking figures from the Stroessner dictatorship, various government authorities and a large gathering of school children. In the shadow of the majestic Guaira waterfalls that would later be destroyed as a result of this unfolding geopolitical

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drama, the group proceeded to raise the Paraguayan flag, sing the national anthem and give rousing speeches about the pride and sovereignty of their nation. The choice of location reveals the visit’s true purpose, as this region had been a heavily disputed frontier zone for nearly a century. In response, Brazilian soldiers occupied the exact same spot and in late October they arrested a group of Paraguayan officials. This cascading series of events embroiled Brazil and Paraguay in a fifteen-month geopolitical stand-off that ended on 22 June 1966 with the signing of the Act of Iguazu. This agreement marked the first official step toward what became the Itaipu dam, at the time the largest hydroelectric plant in the world.

At its core, this conflict was about territorial sovereignty in the Guaíra region: What were the limits of the international border? How did it divide the waters of the Paraná River and its famous waterfalls? Who had the right to redraw its boundaries? These issues had been current since the late nineteenth century, but only in the 1960s did questions of topography and geographic demarcation result in a prolonged geopolitical crisis. Although scholars agree that Brazil emerged during this period as the major power in the Southern Cone, they have yet to fully acknowledge the central role of the Guaíra conflict in Brazil’s ascent. Given this historiographic oversight, we must ask how a territorial dispute in a long-ignored border region helped change the geopolitical landscape of the Southern Cone. What were the underlying factors of the border crisis? How did they reflect shifting alliances, both within the region and with the United States? And what does its timing in the Cold War climate of the 1960s reveal about the emergence of a new political era?

With the backing of the United States, Brazil’s military regime refused to recognise Paraguay’s historical claim to the frontier zone. Although the Paraguayan government did benefit from entering Brazil’s sphere of influence – through participation in a binational dam project – it did so only on the terms stipulated by Brazil, one of its greatest historical rivals. Brazil’s actions throughout the border stand-off also served to marginalise Argentina, whose own borders lay downstream on the same Paraná River.

This article argues that the Guaíra border conflict served as a catalyst for Brazil’s rise to power. The geopolitical roots of the Itaipu dam are presented in three main parts. First, there is an overview of how, over the past one hundred years, Brazilians and Paraguayans have formed diverging interpretations of their shared border. The second section then chronicles the fifteen-month stand-off that lasted from March 1965 to June 1966. During this

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1 The name of the region is spelled Guaíra in Portuguese, and Guairá in Spanish; this article will employ the former nomenclature.

2 This was known as the ‘Ata das Cataratas’ in Portuguese and as the ‘Acta de Iguazú’ in Spanish.
time the two military regimes engaged in a series of diplomatic exchanges, threats, popular mobilisations and battles of public opinion. Discussion of these events revolves around an analysis of how each government used its particular interpretation of the border to legitimise its actions and stake a claim to the development of the Paraná River. The article concludes at the 1966 signing of the Act of Iguazu, where the first binational framework of the Itaipu dam helped entrench a new geopolitical hierarchy.

The context of the Cold War also shaped the Guaíra border crisis. Especially after the Cuban Revolution of 1959, Latin America served as an important battleground for the global Cold War, and the United States initiated a number of programmes intended to stem the tide of communism in the western hemisphere. These included public programmes like the Alliance for Progress that incentivised moderate reforms, and also covert plans to put in powerful leaders who would defend US interests. The dictatorships of Brazil and Paraguay saw themselves as important Cold War allies of the United States: each government framed its political legitimacy around a rigid brand of anti-communism and both sent troops to support the US invasion of the Dominican Republic in 1965 – an action that Argentina never took. Although the US government maintained a positive relationship with Paraguay, it considered Brazil its most important partner in Latin America and thus saw Brazil’s growth as part of its own geopolitical vision. The Cold War discourse of development and modernisation resonated strongly with Latin American dictatorships. In Brazil, the military’s Doctrine of National Security focused heavily on industrial development, and Paraguay’s General Stroessner sought to build an industrialised nation that could earn the approval of the United States and its global allies.

To fulfil these development goals, both military regimes looked to the disputed borderlands and the untapped hydroelectric potential of the Paraná River. In an exercise of geopolitical posturing, the Brazilian regime foresaw that despite its overwhelming political and economic strength, it would have to allow its smaller neighbour to participate in a binational development project. Yet the Brazilian government concealed its willingness to collaborate

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3 Within the large body of literature on the Cold War in Latin America, two newer works include Hal Brands, *Latin America’s Cold War* (Cambridge, MA: Harvard University Press, 2010); and Virginia Garras-Burnett, Mark Atwood Lawrence and Julio E. Moreno (eds.), *Beyond the Eagle’s Shadow: New Histories of Latin America’s Cold War* (Albuquerque, NM: University of New Mexico Press, 2013).

and instead strong-armed Paraguay as a means to unilaterally dictate the terms of how Itaipu’s energy and wealth would be distributed.\(^5\) Additionally, its advances in the frontier zone must be seen as an effort to gain access to Paraguay’s fertile eastern border region for Brazilian agricultural migrants known as brasiguaios – an amalgam of the Portuguese words for ‘Brazilian’ and ‘Paraguayan’.\(^6\) The Stroessner regime, for its part, aimed to consolidate political legitimacy and become a stronger ally of the United States – even if this meant a rapprochement with Brazil. The border crisis occurred exactly one hundred years after the War of the Triple Alliance (1865–70), and Stroessner used the legacy of the war to resurrect the image of Brazil as an unjust invader. Paraguayan efforts to deflect internal opposition toward an outside force only partially succeeded, as popular dissent formed against both the Brazilian ‘invasion’ of the border and Stroessner’s complicity in ‘selling out’ the Guaira waterfalls. Even with this domestic tension the government’s nationalist rhetoric meant that despite the concessions made to Brazil, Stroessner still claimed the construction of a Paraná dam as a victory for the Paraguayan people.

The timing of the border conflict was particularly significant. Paraguay had been ruled by the Stroessner dictatorship since 1954, and by the mid-1960s the government began to move the country away from its traditional alliance with Argentina (its neighbour to the west) in favour of Brazil (its neighbour to the east). Brazil, meanwhile, had just seen the overthrow of democratically elected João Goulart in April 1964. Determined to transform the country into a global power, the new military regime manoeuvred to surpass its Latin American neighbours in regional and hemispheric dominance. The Argentine government worried that an upstream Brazil–Paraguay dam would limit its own energy and commercial interests. Even before the 1965 saga began, Brazil had already begun to overtake Argentina as the region’s major power.\(^7\)

\(^5\) Although Brazil and Paraguay technically shared equal access to the dam’s energy, the 1973 Treaty of Itaipu stipulated that Paraguay had to sell its unused portion of energy exclusively to Brazil at a price that was fixed for 50 years and was far below market value. For more on the 1973 Treaty, see note 101.


\(^7\) Brazil’s geopolitical overtaking of Argentina began in the 1930s and accelerated in the 1940s when the government of Getúlio Vargas aligned the country with the United States in World War II. In exchange for Brazil’s war-time participation – its troops were sent to fight in Europe and the United States was allowed to build military bases in the nation’s northeastern regions – Washington ‘extended loans and technical assistance for the national steel plant at Volta Redonda, [and] gave Brazil substantial Lend-Lease aid (three-fourths of the total to Latin America)’: Stanley E. Hilton, ‘The United States, Brazil, and the Cold War, 1945–1960: End of the Special Relationship’, *The Journal of American History*, 68 (3) (1981): 600. For more on the changing relationships during this time between Brazil, Argentina and the United States see also Stanley E. Hilton, ‘The
Argentina’s backlash against what became the Itaipu dam did not take place until the 1970s, when it repeatedly denounced Brazil before the United Nations. The river rivalry, however, was fortified in the 1965–6 border crisis.

The foundational Treaty of Itaipu was not signed until 1973 and the dam did not begin to produce electricity until 1984. Yet its long-term impact was first set in motion in the context of the 1960s Cold War. Despite Itaipu’s importance, almost no attention has been given to its bellicose beginnings. This makes it all the more necessary to examine the tense history that paved the way for what was widely referred to as ‘the project of the century’.

Existing literature on the 1965 border conflict is relatively thin. Although no study has as yet focused explicitly on its history, various works reference the Guairá stand-off in relation to other processes, including the presence of Brazilian farmers in eastern Paraguay; Stroessner’s relationship with Brazil; the political history of the Paraná River; and the role of Itaipu in Paraguay’s national security regime. Although the works centre on different aspects of the border crisis, they make little attempt to see how the above-cited threads are part of a single, mutually constructed narrative. Additionally, a number of political figures in both Paraguay and Brazil produced first-hand accounts written during the crisis, and memoirs afterwards. These books contain intimate details on inter-governmental relations, yet they are constrained by the same nationalistic blinkers that defined the 1965 saga itself. Given the limitations of this scholarship, the present article aims to contribute the most thorough examination to date of the border crisis.

Archival and ethnographic research for this article was conducted at multiple locations in both countries. In Brazil, the ‘Memórias Reveladas’

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14 Additional archival research in Buenos Aires and Washington DC would contribute to an even more complete examination of the border crisis.
project at the National Archive in Rio de Janeiro presented recently declassified documents from the dictatorship’s surveillance and security programmes. Equally important were the holdings of the Ministry of Foreign Affairs in Brasília (usually known as ‘Itamaraty’ after the palace where it is housed), in particular a lengthy dossier on the secret ‘Operation Sagarana’ that until now has been unknown to scholars and offers unparalleled insight into the logistics of Brazil’s border actions. In Paraguay, the holdings of the Ministry of Foreign Relations were especially useful, as was the ‘Archive of Terror’ housed in the Ministry of Justice. In addition, interviews were conducted with surviving political figures, and nearly a dozen newspaper sources were consulted. Furthermore, the role of the United States was analysed through two digital archives of State Department files. Considering that so much of the conflict consisted of back-and-forth allegations over the exact events along the border, the methodology used for this article enables a side-by-side comparison of each country’s narrative. Only in doing so can we make sense of what transpired between March 1965 and June 1966, and why it led to a new era of power relations in the Southern Cone.

One Border, Two Interpretations

To properly contextualise the actions and rhetoric that both nations would deploy throughout the 15-month stand-off, one must first understand why Brazil and Paraguay had such radically different perceptions of their shared border (Figure 1). This difference of interpretation originated in the 1872 Treaty of Loizaga-Cotegipe that followed the War of the Triple Alliance. Signed by the government of Paraguay and the empire of Brazil – and against the desires of both Argentina and Uruguay – the treaty designated the Guairá waterfalls as the dividing line between nations. Paraguay referred to them collectively as the Salto de Guairá, implying an understanding that all seven of the falls belonged to one singular body of water. Brazilians, on the other hand, called these the Sete Quedas (‘seven falls’), implying that each was unique from the others. This distinction is critical because the Treaty of 1872 stipulated that the border between Brazil and Paraguay would stretch from the Mbaracajú mountain range toward ‘the waterway or

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15 Informally known as the ‘Archivo del Terror’, this collection of documents from the Stroessner dictatorship is called the Centro de Documentación y Archivo para la Defensa de los Derechos Humanos (Documentation Centre and Archive for the Defence of Human Rights, hereafter CDyA).

16 Foreign Relations of the United States (hereafter FRUS), https://history.state.gov/; ‘Opening the Archives Project’ (hereafter OAP), http://library.brown.edu/openingthearchives/.

17 Seeking a neutral position, the present article employs the term ‘Guairá waterfalls’, combining both Paraguay’s nomenclature of Guairá, and Brazil’s use of the plural for the cascades.
canal of the Paraná River … to the Great Fall of the Seven Falls’. Paraguay thus interpreted the treaty to mean that the border stretched to the northern end of the waterfalls and encompassed all of them, while Brazil considered the frontier to bisect at the fifth fall – the tallest of the seven cascades.

In the context of Cold War ambitions to harness the untapped energy of the Paraná, Paraguay’s understanding that the waterfall (singular) belonged to both countries protected its claim to participate in any development project that included any portion of the falls. For Brazil, however, the belief that the border bisected the waterfalls (plural) justified building a hydroelectric dam on its section of the river that would completely circumvent Paraguayan waters. In the 100 years since the War of the Triple Alliance, Paraguay consistently emphasised that the Treaty had left a 20 km ‘no man’s land’ west of the Guaíra waterfalls. Brazil, in contrast, recognised no such ambiguity and refused to acknowledge Paraguay’s claims. From 1872 through to the early 1960s, dozens of bi-national meetings discussed unresolved border issues, many of which made reference to the 20 km of the un-demarcated Mbaracajú Mountain range west of the Paraná River.

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18 See ‘Tratado de límites entre la República del Paraguay y el Imperio del Brasil’, 1872, in Archivo Histórico de la Cancillería de Paraguay (hereafter AHCP). The holdings of the AHCP are not organized by category. Cited evidence therefore contains only the identifying numbers of the original documents themselves.

19 Key meetings of the Joint Border Commission included the 2nd Conference of 29 July 1933; the 11th Conference of 21 Aug. 1939; the 13th Conference of 5 May 1941; the 15th Conference of 29 May 1945; the 21st Conference of 21 Dec. 1955; and the 25th Conference of 20 Nov. 1961. The minutes of these meetings are all housed in the AHCP.
A parallel controversy implicated Argentina, a country with an equally important claim to the Paraná. Although the river originates in Brazilian territory, its downstream flow forms the border with Paraguay and Argentina before finally flowing into the basin of the River Plate and the Atlantic Ocean. Throughout the twentieth century, Argentina encouraged river-use regulations based on the principle of ‘prior consultation’ in order to protect itself from any damage from upstream development – specifically targeting Brazil. In the first half of the century, when Argentina’s regional superiority was more evident, its proposals for river regulation were respected. As Brazil’s influence grew, however, it rejected Argentina’s attachment to prior consultation and instead cited the 1895 Harmon Doctrine – named after the former US Attorney General – to claim that it had no obligation to share water with any downstream nations.

After simmering as a persistent yet relatively uneventful issue for nearly a century, the question of how to use the Paraná River was thrust into the spotlight at the beginning of 1964. On 19 January, Alfredo Stroessner (Paraguay) and João Goulart (Brazil) met to discuss the river’s hydroelectric development. Given the political context at the time, this meeting might have seemed impossible: Goulart was a leftist social reformer while Stroessner was a military dictator at the head of a violent regime. Yet their mutual desire to harness the industrialising power of the river motivated the two leaders to put aside their opposing political views. Goulart’s vision for a border dam differed drastically from that of the Brazilian dictatorship that would eventually make the project a reality. After his meeting with Stroessner, Goulart stated that Paraguay’s participation would be ‘a sincere, total, and absolute collaboration’ – a concession that Brazil’s dictatorship, soon after overthrowing Goulart, would make only nominally and as a diplomatic gesture.

Goulart also mentioned that Argentina and Uruguay would be consumers of the dam’s energy, an indication that he saw a hydroelectric project as a means to strengthen the geopolitical unity of the Southern Cone. Brazil’s military government used Itaipu for the exact opposite purpose, and instead saw a bi-national dam as a way to enhance its own power at the expense of neighbouring countries. Moreover, rumours suggested that Goulart would fund the dam with loans from the Soviet Union – a fact that surely incensed the anti-communist sectors in Brazil that were already plotting regime change.

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20 Soares de Lima, Political Economy of Brazilian Foreign Policy, pp. 352–7.
21 Ibid., p. 347.
The United States was similarly opposed to Goulart. Although the US government did not have a direct hand in the eventual Brazilian coup, it did systematically undermine Goulart’s presidency – in what one historian has called a ‘quiet intervention’.  

Looking through the prism of the Alliance for Progress, both the Kennedy (1961–3) and Johnson (1963–9) administrations saw Brazil as essential to winning the Cold War in Latin America. As noted in a 1963 State Department memo, ‘If US policy fails in Brazil, it will become extremely difficult to achieve success elsewhere in Latin America.’ Yet Goulart remained a steady thorn in the side of US interests as he renewed diplomatic relations with the Soviet Union and resisted Kennedy’s efforts to isolate Cuba from the rest of the hemisphere. Moreover, Goulart’s brother-in-law Leonel Brizola, the governor of Rio Grande do Sul, nationalised the US company International Telephone and Telegraph. As Goulart continued to unveil increasingly progressive policies – including a vision for large-scale agrarian reform – the United States closely monitored the possibilities for military intervention. On the cusp of the 1964 coup, Secretary of State Dean Rusk informed Lincoln Gordon, the US ambassador in Brazil, of the commitment to seeing the overthrow of Goulart’s ‘communist dominated dictatorship’.

Late in the night of 31 March, a coup deposed Goulart and established a military regime that would rule Brazil for 21 years. Although the United States did not have a direct hand in the coup of 31 March, declassified documents from the Joint Chiefs of Staff indicate that if needed by Brazil’s army, a package of weapons was in reserve at McGuire Air Force base, a carrier ship was waiting in nearby waters and oil shipments were ready for delivery. Lincoln Gordon would later compare the importance of Goulart’s downfall to ‘the Marshall Plan, the Berlin Blockade … and the resolution of the missile crisis in Cuba’.

The Johnson administration recognised the new government within 18 hours of the coup, and soon thereafter gave Brazil an emergency US$50

29 Telegram from the State Department to the embassy in Brazil, 30 March 1964, FRUS, 1964–8, vol. 11, doc. 194.
million loan. In the remaining years of the 1960s, Brazil’s dictatorship received US$1.2 billion from the United States, making it the largest recipient of Alliance for Progress funds in the western hemisphere.\(^{32}\) In the initial stages of the new military regime – before glaring human rights abuses forced the United States to reduce its support – Brazil’s dictatorship proved to be a very beneficial investment for the US government. In particular, Brazil took a leading role in the US invasion of the Dominican Republic, thereby helping legitimise an intervention that was otherwise unpopular among most Latin American nations.\(^{33}\) An analysis of US financial support to Paraguay and Argentina during the 1960s further reveals shifts in the region’s geopolitical landscape. Paraguay was the first nation in Latin America to request aid from the Alliance for Progress, and its package of US$80 million amounted to almost 25 per cent of its entire gross domestic product.\(^{34}\) Among other initiatives, US economic aid helped construct a 200-mile highway connecting the Paraguayan capital Asunción to the Brazilian border. This US-funded road gave Paraguay a new commercial trade route to the Atlantic Ocean, further reorienting Paraguay’s economic and political compass away from Argentina and toward Brazil. Frank Mora and Jerry Cooney write that the United States supported Stroessner’s growing ties with Brazil largely because the US State Department was increasingly suspicious of Argentina’s civilian president Arturo Illia (1963–6).\(^{35}\) Illia had vowed to cancel all foreign oil contracts in Argentina, while significantly increasing commercial ties to the Soviet Union.\(^{36}\) Consequently, US economic aid to Argentina decreased from US$135 million in 1963 to US$21 million in 1964.\(^{37}\) These trends accelerated Brazil’s continued rise as the major force in the Southern Cone.

Despite these emerging financial and political alliances, the relationship between Brazil and Paraguay was far from simple. Both countries were ruled

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\(^{33}\) When the United States invaded the Dominican Republic in April 1965, most Latin American countries criticised the action as a violation of the sovereignty and charter of the Organization of American States (OAS). In exchange for sending troops, a Brazilian general was appointed the top command position of the Inter-American Peace Force. For more, see Ruth Leacock, *Requiem for Revolution: The United States and Brazil, 1961–1969* (Kent, OH: Kent State University Press, 1990), pp. 235–6.


by military regimes with similar worldviews, yet it was exactly that overlap in geopolitical ambition that soon incited a major crisis. Even the names of their policies were disquieting: in Paraguay, Stroessner called his realignment away from Argentina the ‘March to the East’, and starting in the 1930s, Brazil’s own vision for territorial and ideological expansion had been known as the ‘March to the West’. Each government set its sights on the energy potential of the Paraná River and began to press its claims to the border region around the Guairá waterfalls. For nearly a century the diverging interpretations of the border had existed rather benignly, but the Cold War climate of the 1960s strengthened national security concerns for both the Brazilian and Paraguayan dictatorships. A report from Brazil’s National Intelligence Service described Paraguay’s ambitions as ‘entirely absurd, a perversion of legal-historical fact ... by a pseudo-geographic worldview’. Paraguay, for its part, considered its stance to be ‘completely solid’ and ridiculed Brazil’s assertions that the border had been ‘definitively and fully demarcated since 1872’.

It was in this context of mutual distrust that the simmering border conflict began to boil over.

The Border Takes Centre Stage

The day before the contingent of Paraguayans gathered near Guairá on 21 March 1965, General Alfredo Stroessner visited the border in person. According to Paraguay’s Minister of the Interior, Stroessner wanted to ‘survey and measure the geopolitical potential of the area’ and left instructions to assemble the local population in order to inform them of ‘our frontier divisions and our rights [in] the region’. The following day nearly one hundred Paraguayans gathered along the shores of the Paraná for a ceremony that included the raising of the Paraguayan flag, the singing of the national anthem and a series of patriotic speeches (Figure 2). According to the evidence of Brazil’s Operation Sagarana, one speaker declared that ‘Paraguay would recuperate this territory that was stolen from them after the War of the Triple Alliance’. A series of investigative reports published in the Jornal do Brasil reveal that three Brazilian citizens who lived nearby witnessed...
these actions and one even ran home to get a camera. Once the Paraguayans had left, all three Brazilians went to the nearest military office to hand over the film negatives and give official testimony to what they had seen.\footnote{Hasteamento da bandeira paraguaia em Coronel Renato provocou a sua ocupação pelos militares brasileiros, \textit{Jornal do Brasil}, 6 Jan. 1966, p. 7. This article was the second in a five-part series on the border conflict. The witness testimony was then passed to General Alvaro Tavares do Carmo, Commander of the 5th Military Region. Source: Ministry of War, no. 994/S-102-CIE, in Arquivo Nacional, Rio de Janeiro (henceforth AN-RJ), BR. DFAN.BSB.Z4.SNA.CFR.0007.}

A few weeks later, Coronel Otávio da Silva Tosta, as head of the National Security Council’s Special Border Commission (Comissão Especial da Faixa da Fronteira), visited the region to plan Brazil’s response. On this visit Coronel Tosta began formulating what would become Operation Sagarana, a secret collaboration between Itamaraty, the army and various government ministries. With the explicit goal of occupying the border region militarily, Operation Sagarana sought to link the frontier zone to the adjacent Brazilian states of Paraná and Mato Grosso do Sul, a process also intended to curb Paraguay’s influence in the area. Coronel Tosta returned to Rio de Janeiro and presented his report to the National Security Council. He finalized the details of Operation Sagarana in meetings with General Artur da Costa e Silva, the Minister of War, and Vasco Leitão da Cunha, the
Minister of Foreign Relations. With the operation’s framework in place, the government authorised deployment of the Brazilian military to the exact location where the Paraguayans had held their ceremonies.

Two months later, on 17 June, a detachment made up of a sergeant and seven soldiers crossed the Paraná River and set up camp just south of a small outpost known as Porto Coronel Renato. More than any other aspect of the 15-month border conflict, this presence of Brazil’s military caused the most controversy. For Paraguay, this ‘act of aggression’ constituted a complete violation of territorial sovereignty. Brazil, on the other hand, considered Porto Renato to be within its own national boundaries and thus saw Paraguay’s previous actions in March — and not its own movement in June — as the actual invasion. The Brazilian government deployed a Cold War rationale by saying it sent the detachment only to protect against communist terrorism along the border. Over the course of the following year, Brazil routinely downplayed both the size and importance of these soldiers, referring to the group as nothing but ‘a tiny detachment’ or describing their presence as merely ‘symbolic’.

Internal documents, however, indicate that Brazil explicitly sent the detachment in order to ‘counteract Paraguay’s growing presence in the region’.

News of Brazil’s garrison in Porto Renato quickly made its way to Asunción, where the Paraguayan authorities began to apply diplomatic pressure for the removal of the troops. Chancellor Raúl Sapena Pastor (head of the Cancillería, the Paraguayan Ministry of Foreign Relations) met routinely with Jaime Souza Gomes, the Brazilian ambassador, and even General Stroessner himself made personal appeals to his colleagues in Brazil. Having made little progress in Asunción, Chancellor Sapena Pastor travelled to

44 ‘Operation Sagarana’, paras. 30–2, 38.
45 Ministry of War, no. 994/S-102-CIE, in AN-RJ, BR.DFAN.BSB.Z4.SNA.CFR.0007.
46 Ibid., p. 4. It should be noted that the present article offers the first evidence of the exact date that Brazilian troops occupied the border zone. In all previous scholarship, it was known only that these soldiers arrived at some point in June.
47 ‘Antecedentes históricos del litigio Paraguay–Brasil’, 10 May 1966, AHCP.
48 Verbal note from Brazil’s president, General Humberto Castelo Branco, to Stroessner, 1 Sept. 1965, AHCP. Castelo Branco was Brazil’s first post-coup military president, holding office from April 1964 to March 1967.
49 References to the small size of the detachment come from Minutes of the National Security Council (Conselho Nacional de Segurança, CNS), 16 March 1966, AN-RJ, BR AN.BSB N8.o.PSN, EST.186; the symbolism of the troops was noted by Chancellor Juracy Magalhães in an interview on 5 April 1966: Centro de Pesquisa e Documentação de História Contemporânea do Brasil – Fundação Getúlio Vargas (Centre for Research and Documentation of Brazilian Contemporary History – Getúlio Vargas Foundation, hereafter CPDOC-FGV), JM pi 66.04.05/1 (‘JM’ is the Juracy Magalhães folder within the CPDOC archive). As Chancellor, Juracy Magalhães was often the Brazilian government’s international affairs spokesperson.
Brasília in early July to make his appeal directly to Brazil’s Foreign Minister.\textsuperscript{51} For nearly two months Brazil gave no response, nor did it officially acknowledge that it had even sent troops across the Paraná River. On 1 September Brazil’s president, General Humberto Castelo Branco, finally sent a letter to Stroessner in which he stated that the group in Porto Renato ‘cannot represent anything inconvenient or harmful for either country, and that its presence can by no means indicate a strategy of pressure, coercion or repression on the part of the Brazilian Government’.\textsuperscript{52} Nowhere in his note did Castelo Branco refer to the appeal to have the troops removed. The dismissive tone of this letter must have incensed Paraguay’s leaders – one report noted that Stroessner himself was left ‘totally unsatisfied’ – and the Ministry of Foreign Relations spent the next three weeks preparing a lengthy response.\textsuperscript{53} This marked the beginning of a back-and-forth exchange between the foreign ministries that one Paraguayan official referred to as ‘a veritable paper war’.\textsuperscript{54} As this conflict unfolded in the sphere of diplomatic communication, it also began to materialise on the ground itself.

In the middle of October, Paraguay received reports that Brazil was constructing barracks, roads and even an airstrip on the lands adjacent to Porto Renato – the early results of Operation Sagarana. In response, Chancellor Sapena Pastor delivered a letter to Ambassador Souza Gomes hoping that Brazil would confirm its increased presence along the border. Expressing his disappointment in how unresponsive Brazil had been over the previous month, Sapena Pastor also indicated that he had just commissioned a group of important Paraguayan authorities to travel to the ‘un-demarcated zone’ to report back personally to him.\textsuperscript{55} On the morning of 21 October 1965 – exactly seven months after Paraguay’s previous trip to the border region – five men boarded a plane in Asunción and after landing on an empty road because of a lack of airfields, drove in a jeep to the Brazilian detachment. This group consisted of Emilio Meza Guerrero, the army major pictured in Figure 2 giving a speech during Paraguay’s flag ceremony on 21 March; Pedro Godinot de Villare, the Undersecretary of Foreign Relations; Carlos Saldivar, the Chancellor’s legal advisor; Conrado Pappalardo, Stroessner’s Chief-of-Staff; and an accompanying photographer. The group arrived in Porto Renato in the early afternoon and began taking pictures of the newly constructed facilities along the western shore of the Paraná River. A truck

\textsuperscript{51} Minutes of the CNS, 16 March 1966, AN-RJ, BR AN,BSB N8.0.PSN, EST.286.

\textsuperscript{52} Verbal note from Castelo Branco to Stroessner, 1 Sept. 1965, AHCP.

\textsuperscript{53} Brazilian embassy, Asunción, telegram no. 408, 28 Nov. 1965, AHI, DAM/DF/932.1(42) (43).

\textsuperscript{54} Ynsfrán, Un giro geopolítico, p. 73. In the following months six letters were exchanged between the two foreign ministries on the following dates: 25 Sept., 22 Oct., 29 Oct., 8 Nov., 9 Nov. and 14 Dec. Source: AHI.

\textsuperscript{55} DPI no. 604, 22 Oct. 1965, AHCP.
carrying Brazilian soldiers quickly appeared and detained the group for several hours.

What happened next depends on the perspective of the story teller, as each government presented a version for the sake of their own geopolitical objectives. The importance of these actions, however, lies not in distilling the exact course of events. Rather, we must trace how these competing stories were re-told and disseminated by each nation, quickly becoming a central hub on which the border conflict would revolve.

The only two still-surviving members of the group of arrested Paraguayans, Saldívar and Pappalardo, presented their versions of what took place in Porto Renato during interviews with the author. Both recall that the Brazilian sergeant refused to provide a reason for their detention. Saldívar remembers feeling particularly anxious because, to him, the previous months ‘had felt like a war … we knew what had happened [in the War of the Triple Alliance], and our arrest could have started another one’. Above all, Pappalardo remembers when Meza Guerrero refused to hand over his gun, claiming that it was his right as a Paraguayan to defend himself whenever necessary. Trying to deflate the situation, Pappalardo told his compatriot, ‘Emilio, my dear friend, hand over your pistol to this sergeant, and tomorrow I’ll buy you five new ones back in Asunción.’ At this point, according to Pappalardo, Brazilian reinforcements arrived in the form of an army major, a captain, two lieutenants and a company of ‘heavily armed soldiers’ who assumed ‘combat positions’ and treated them with ‘total incivility’. A Paraguayan press release emphasised these details, accusing Brazilian authorities of ‘mistreatment’. For the remainder of the afternoon, the Paraguayans sat outside – on tree stumps, according to Saldívar – until General Tavares do Carmo, the commander of Brazil’s southern army, arrived and gave the authorisation to release the five men.

In Brazil’s recounting of these events, ‘the Paraguayan commission was never at any point detained’ and the matter simply involved needing to wait until the proper authorities arrived. Brazil’s narrative claimed the following sequence of events. When initially approached by the Brazilian soldiers, the Paraguayan authorities refused to give their names, and when instructed to hand over their photography equipment, Meza Guerrero refused and acted in an increasingly threatening manner. The Brazilian sergeant then told the photographer to stay where he was until the commanding officer, Capitão Gildon

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56 Carlos Saldívar, interview by author, 14 Jan. 2015, Asunción, Paraguay.
57 Conrado Pappalardo, interview by author, 5 Jan. 2015, Asunción, Paraguay.
58 Press release from the Ministerio de Relaciones Exteriores, 26 Oct. 1965, AHCP.
59 According to different versions of the story, the Paraguayans were detained for between four and six hours.
60 Brazilian embassy, Asunción, to Paraguayan government, note no. 322, 8 Nov. 1965, AHCP.
Pinto de Madeiras, could come to sort out the situation. Meza Guerrero asked if they were being arrested and the sergeant told him no, that only the photographer needed to stay put. According to one version disseminated in the Brazilian press, the Paraguayan authorities then voluntarily ‘turned themselves in’ as an act of solidarity with their detained photographer. When Capitão Madeiras arrived, he advised the Paraguayans that they were not permitted to take photographs of Brazil’s military presence, and moreover, that they had intruded 2 km into Brazilian territory. Outraged at the suggestion that this land belonged to Brazil, Meza Guerrero drew his gun and threatened to ‘send an armed squadron of Paraguayans to trap the Brazilian soldiers’. The situation quickly de-escalated once Meza Guerrero handed over his weapon. According to the Jornal do Brasil, ‘everything ended with a perfect understanding, with normal farewells’ and Meza Guerrero even extended a cordial invitation to the Brazilian officers to spend the December holidays with their families in Asunción.

The Porto Renato incident raised the stakes of the border conflict by sparking new narratives of colonialism, national pride and violence. And whereas the early months of this stand-off had mostly taken place in the realm of inter-embassy exchanges, the events of 21 October attracted widespread media attention and inaugurated the battle for public opinion that played out over the following year. Paraguay in particular seized on this new theatre of conflict and routinely portrayed Brazil as the aggressor. According to Christine Folch, the Paraguayan public saw Brazil’s presence in Guairá as ‘nothing less than a provocation to war and an affront to Paraguay’s national sovereignty. Speeches and letters to the editor in repudiation of Brazilian aggression were an almost a daily feature in October and November 1965.’ News of the 21 October arrests circulated widely and sparked debate over the possibility of international mediation as Argentina, Uruguay and even the United Nations were proposed as potential arbiters.

On 24 November, Stroessner had two different meetings with foreign leaders to discuss the simmering border conflict. First, he spent the late morning with Dean Rusk, the US Secretary of State who was on his way back from giving a speech in Rio de Janeiro. The transcript of this meeting reveals the depths of Stroessner’s desire to be respected by world leaders: after emphasising how well his soldiers had done in supporting the US invasion of the Dominican Republic, Stroessner complained that Paraguay received far less economic aid than other Latin American countries. He then boasted that many foreign dignitaries, including French president Charles de Gaulle,

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‘had assured him that he was a great president presiding over an exemplary government’. Stroessner ended the meeting with an appeal that bordered on neediness, imploring Rusk to give Paraguay ‘more attention at the top and more favorable treatment in general’. Despite the United States’ positive leanings toward Paraguay – Richard Nixon would later praise Paraguay ‘for opposing communism more strongly than any other nation in the world’ – the meeting with Secretary Rusk left little doubt about Brazil’s status as the preferred partner of the United States.

In the afternoon Stroessner then met with the Brazilian general Golbery do Couto e Silva, one of the most influential officials of the military regime. As the ideological architect of the dictatorship’s Doctrine of National Security (Doutrina de Segurança Nacional, DSN), Couto e Silva played a key role in mediating the border situation. Formed during his tenure at Brazil’s Escola Superior de Guerra (Higher War College), Couto e Silva’s vision for the DSN included theories of war and of Brazil’s potential as a world superpower, and a development model that combined Keynesian economics and state capitalism. Industrialisation was key to achieving the goals of the DSN, yet Brazil’s industrial progress had been slowed by a lack of reliable energy sources. A hydroelectric dam on the Paraná River thus presented Couto e Silva and his colleagues with the prospect of enough energy to power a new era of industrialisation. Additionally, Couto e Silva surely saw the Guaira stand-off as a perfect opportunity to fulfil the idea of ‘fronteiras vivas’ (living borders). This ideology linked Brazil’s global prowess to the development of its borders – in the sense both of physical fortification, and also of Brazil’s ideological ascent beyond the boundaries of its nation-state. Under Couto e Silva’s guidance in the 1960s, these development ideologies eventually made the Itaipu dam the paragon of state development. It also set in motion the movement of brasílguio farmers from Brazil across the Paraguayan border and the establishment of new agricultural colonies.

64 Memo of conversation, State Department, FRUS, 1964–8, vol. 51, South and Central America; Mexico, doc. 465.
66 ‘Diplomacia’, Última Hora, 25 Nov. 1965, p. 6. Couto e Silva had been dispatched to Asunción at the personal request of President Castelo Branco, largely because he (Couto e Silva) and Stroessner knew each other well from the time when the former had served in the Brazilian Army Mission in Paraguay.
68 Joel Bergsman, a US economist who worked for Brazil’s Ministry of Planning in 1966, noted that despite Brazil’s immense hydroelectric potential, electric power remained a persistent problem. In particular, the country’s industrial centres of São Paulo and Rio de Janeiro had suffered major power shortages since the 1940s. Source: Joel Bergsman, Brazil: Industrialization and Trade Policies (London: Oxford University Press, 1970), p. 64.
While politicians and military officials worked behind the scenes, popular forces began to mobilise their own responses. On 27 November the youth sections of the Revolutionary Febrerista and Christian Democrat opposition parties organised a demonstration in Asunción. In defiance of Paraguay’s Law no. 294 that outlawed almost all forms of public protest, the crowd wound its way through the city centre, stopping only at targeted locations: protestors burned a Brazilian flag in front of the Commerce Office of the Brazilian embassy, threw Molotov cocktails through the windows of various Brazilian-owned business, lit smoke bombs across from the Centre for Brazilian Studies and painted graffiti on the walls of the Brazilian Military Offices proclaiming: ‘Paraguay sí, bandeirantes no: fuera los mamelucos’ (‘Paraguay yes, invaders no: out with the bastards’). The Paraguayan police descended on the protestors, dispersed the crowd violently and arrested 15 students.

Stroessner attempted to spin the protests in his favour by holding them up as a sign that the entire country rallied behind his government. Over the following months, a specific narrative was related continuously in the state-sponsored media, suggesting that for the first time since Stroessner took power in 1954, all political factions in Paraguay could unite around a common cause.

Yet the Asunción protest was evidence to the contrary, since it targeted both the Brazilian occupation and Stroessner’s own complicity. Not only did this demonstration indicate the willingness of Paraguay’s youth to defy a repressive dictatorship, it also belied the myth propagated by Stroessner that the entire public opinion in Paraguay have expressed their outrage at the occupation of the non-demarcated border zone by Brazilian forces. All of the centres, associations, clubs, students … the unions, [the] cultural, social and political groups, the veterans …, the Army Reserves, everyone without exception has spontaneously denounced the hostile attitude [of Brazil].

Meaning more than just ‘invader’, bandeirante refers to participants in the slaving raids in colonial Paraguay by Brazilians from the São Paulo region. Mameluco is a Portuguese word that refers to the first-generation offspring of a European and an Amerindian. Its use during the protests in Paraguay can be seen as a reference both to Brazil’s alleged sense of superiority (for being descended from European culture), and to the historical violation that Brazil wrought on native lands.

Descriptions of the 27 Nov. demonstration come from CDyA, 1F 0974–981; 9F 1829–1831; ‘Hasteamento da bandeira paraguaia’, p. 7; Ricardo Caballero Aquino (student involved in the demonstration), interview by author, 7 January 2015, Asunción, Paraguay; and Brazilian embassy, Asunción, note no. 949, 2 Dec. 1965, AHI.

Examples of news articles discussing the unifying perception of opposition to Brazil include ‘El partido R[evolucionario]. Febrerista se pronuncia en diferendo fronterizo con Brasil’, El Pueblo, 6 Jan. 1966; ‘Centro paraguayo de ingenieros al condenar actitud inamistosa de Brasil se solidariza con el gobierno’, Patria, 14 Jan. 1966.

Stroessner speech to Paraguay’s House of Representatives, 1 April 1966. Reproduced in Giménez, Sobre el Salto del Guairá, pp. 6–13.
country rallied behind his government to oppose Brazil. As a high school student during the demonstration, Ricardo Caballero Aquino remembers a central rallying cry of the protest: that the dictatorship had sold out the Paraguayan people in order to allow Brazil to take over Guairá. Caballero Aquino recalls speeches from that day in which student leaders spoke of how Stroessner had gone to military school in Rio de Janeiro in the 1940s and ‘has been in love with Brazil ever since’.\(^7\) Stroessner did, in fact, study in Brazil and maintained close ties with the Brazilian military. Keenly aware of this situation, Brazil’s Foreign Ministry sought to exploit Stroessner’s need to balance ‘his personal feelings with the official stance of the Paraguayan government’.\(^7\) Despite Stroessner’s declarations of Paraguay’s unity against the border occupation, he proved very willing to appease Brazil at key moments. Less than a week after the anti-Brazil student protests, the Stroessner regime officially apologised to the Brazilian government and offered full compensation for the damage incurred.\(^7\)

Tensions continued to mount and according to Mario Gibson Barboza – the newly appointed ambassador in Asunción – 1966 began in a climate of ‘enormous difficulty. Brazil found itself on the brink of war with Paraguay … The conflict was strong and violent, the impasse deep and insurmountable … and all over the great problem of sovereignty, that magical word for which people kill and are killed.\(^7\) Seeking to win the support of the international community, Paraguay’s Ministry of Foreign Relations began sending out to embassies and foreign ministries all over the world copies of its previous communication with Brazil.\(^7\) In February, Chancellor Sapena Pastor wrote to Ambassador Barboza to express his ‘energetic protest’ in light of news that Brazil had recently built new roads along – and potentially across – the border, and also that its presence in the region now included a battalion of over 600 men.\(^7\) Comparing multiple versions of this letter offers a window into the minutiae of the border conflict. Although Brazil eventually received a fully edited copy, rough drafts can be found in the archive of Paraguay’s Ministry of Foreign Relations. In several instances the original draft referenced the waterfalls as ‘los saltos’ (the falls) only to have hand-written notes in the margins change the wording to ‘el salto’ (the fall). This inconsistency suggests

\(^7\) Caballero Aquino, interview.

\(^7\) Brazilian embassy, Asunción, secret note no. 839, 5 Nov. 1965, AAA DAM SDF DI 930.1 (42)(43).


\(^7\) Barboza, Na diplomacia, p. 85.

\(^7\) The most widely distributed of these exchanges occurred in Jan. 1966, when Paraguay sent out copies of a lengthy letter (DPI no. 712) it had written to Brazil on 14 Dec. 1965, sharing it with twenty different embassies throughout the world. Source: DPI nos. 17–42, 1966, AHCP.

\(^7\) DPI no. 75, 9 Feb. 1966, AHCP.
that even within the government, great attention had to be given to putting forth a unified message. With so much depending on each country’s ability to defend its particular view of the border, even the slightest mistake could be disastrous.

With funding from the Ministry of War and the Foreign Ministry, the early stages of Operation Sagarana built up Brazil’s presence along the border. After the detachment of troops in June fulfilled the first objective of occupying the region, Operation Sagarana moved on to its second phase and constructed multiple airstrips and a vast network of roads, housing complexes and electricity lines that connected Porto Renato to the city of Guaíra. Additionally, Coronel Tosta used his connections with the Brazilian Institute for Agrarian Reform (Instituto Brasileiro de Reforma Agrária, IBRA) to help secure land titles throughout the region. These holdings eventually accomplished the longer-term goals of building schools, hospitals and residences to support an expanded military population. While both governments jockeyed for political and diplomatic leverage in the ongoing border debate, Operation Sagarana steadily reinforced Brazil’s physical claim to the area.

In early March, Brazil’s National Security Council convened to discuss the ongoing border conflict. In attendance were President Castelo Branco, his entire cabinet, and every high-ranking government minister. The timing of this gathering was especially important since the Serviço de Segurança Nacional (SSN) – a branch of the military’s secret police – had just submitted a report claiming that Paraguayan forces were planning to incite its border population to ‘infiltrate Brazilian lands and massacre the soldiers posted in Porto Renato in order to “cleanse their national honour”’. No uprising ever occurred, and Brazil’s top leaders probably never saw Paraguay’s army as a credible threat. But the unfolding situation represented more than just potential border violence. At one point President Castelo Branco observed that the Guaíra conflict had serious implications for all of South America, emphasising above all that Paraguay played an essential role in limiting the hegemony of Argentina.

The changing geopolitical landscape impacted all governments in the region. In Paraguay, the Stroessner regime sought to leverage its position between Brazil and Argentina – both geographically and politically – to increase its own economic standing. A report from the US embassy in Asunción observed that ‘To bring pressure on Brazil ... Paraguay is now

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80 ‘Operation Sagarana’, paras. 38–44.
81 Minutes of the CNS, 16 March 1966, AN-RJ, BR AN, BSB N8.0.PSN, EST.286.
82 SSN/188/502.52, in AN-BSB, BR.DFAN.BSB.Z4.SNA.CFR.0006.
83 Minutes of the CNS, 16 March 1966, AN-RJ, BR AN, BSB N8.0.PSN, EST.286, p. 2.
playing up improved relations with Argentina.' This eventually led Stroessner to negotiate a deal with Argentina for a second bi-national dam on the same Paraná River, a project that resulted in the Yacyretá hydroelectric station only 500 km downstream of the future Itaipu site. Paraguay thus played into the rivalry between Brazil and Argentina to stake a claim to two different hydroelectric projects along its borders. For Argentina, competition over the Paraná River belonged to what the former Argentine diplomat Juan Archibaldo Lanús referred to as the ‘hydroelectric saga’. Along with threatening its own energy projects further downstream, a Brazil–Paraguay dam would cut off Argentina’s shipping and commercial lines to São Paulo through the Paraná–Tietê river systems. More conspiratorially, Argentina would also claim that Brazil could use a dam as a ‘water bomb’ weapon that could flood Buenos Aires.

Support from the US government helps explain Brazil’s willingness to antagonise neighbouring countries. At an economic forum held in Buenos Aires, Paraguayan delegates approached Lincoln Gordon – the former ambassador to Brazil and then Assistant Secretary for Inter-American Affairs – to discuss the border conflict at Guaira. Gordon acknowledged that he had indeed received all of the documents sent by Paraguay over the previous year – none of which received an official response – but indicated ‘that it would be very difficult for Brazil to remove its military forces’. Moreover, he voiced concerns about a ‘smear campaign’ in the Paraguayan media against Brazil. Although Gordon implied that his government sided with Brazil in the border conflict, he did convey US interest in the prospect of a hydroelectric dam built jointly by Paraguay and Brazil on the Paraná River.

During this impasse, both governments continued to lobby potential allies and rally domestic support. In early April Stroessner gave a lengthy speech to the Paraguayan House of Representatives denouncing Brazil’s invasion of Guaira and its failure to honour the legal and moral codes of ‘pan-Americanism that serve as the foundation of cooperation, solidarity, and friendship amongst the peoples of this hemisphere’. His description of Brazil as an imperialist nation juxtaposed his characterisation of Paraguay as a ‘generous, welcoming, and heroic’ country that harboured neither an ‘engineering spirit nor greed’. The rhetoric of this speech reverberated almost daily in the pages of Paraguay’s newspapers. *Patria*, the official print organ

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86 Ministerio de Relaciones Exteriores (MRE) no. 18/73, 18 August 1973, AHCP.
87 DPI no. 192, 14 April 1966, AHCP.
88 Stroessner speech to Paraguay’s House of Representatives, 1 April 1966, in Giménez, *Sobre el Salto del Guairá*, pp. 11–18.
of Stroessner’s Colorado Party, ran a month-long series of articles titled ‘Guairá in the Spotlight of America’. Even opposition newspapers got swept up in wave of anti-Brazilian nationalism; El Pueblo, a paper connected to the Revolutionary Febrerista Party, changed its masthead to proclaim ‘The Guairá Falls are and always will be Paraguayan!’ International media also provided coverage, including the New York Times and the Washington Post, and other large-circulation dailies in Mexico, Chile, Venezuela, Panama and Argentina.

In Brazil, Juracy Magalhães consistently made brash and often belittling statements about Paraguay. In response to Paraguay’s Chancellor Sapena Pastor having called Brazil ‘aggressive and expansionist’, Juracy Magalhães said, ‘All of the Americas are well aware of the situation of our two governments and knows which of the two must resort to fabricating artificial storylines.’ At a speech to the Chamber of Deputies in the middle of May, Juracy Magalhães spoke at great length about the Treaty of 1872 and justified Brazil’s subsequent actions by declaring that ‘we have the duty to preserve the political legacy of our forefathers and the territory they left us’. Despite the political posturing that consumed most of his remarks, Juracy Magalhães concluded by appealing directly to Paraguay and hinted at the underlying current of the border conflict that would very soon take centre stage: ‘We hope that the Paraguayan government trusts in the genuine sincerity of our offer to meet together for the wellbeing of both of our friendly nations, in hopes of jointly developing all of the resources offered by the Sete Quedas waterfalls.’

The Act of Iguaçu and the Birth of Itaipu

On 21 June, representatives from both countries met in the border region for two intense days of negotiations that produced the Act of Iguaçu, a relatively short document laying the framework for a bi-national dam on the Paraná River. Brazil’s delegation consisted of 23 men from various ministries within the military regime, while Paraguay’s contingent counted 20 individuals of similar positions – including all four of the political figures who

89 ‘Guairá al oído de America’, Patria, April 1966.
90 ‘¡Los Saltos del Guairá son y serán siempre Paraguayos!’ El Pueblo, 5 March 1966.
91 Clippings of these international articles are included amongst AHI notes numbered 107–485, dated 19 March 1966 to 24 April 1966 inclusive.
94 The full document can be found at: Diário Oficial da União (official journal of the Federal Government of Brazil), 8 Aug. 1966, pp. 9061–2. Day 1 of negotiations was held in Puerto Presidente Stroessner (now called Ciudad del Este), and the second day moved across the river to Foz do Iguaçu.
had been arrested by Brazilian troops the previous October.\textsuperscript{95} The meeting got off to a rocky start when Paraguay’s delegation insisted on the creation of a neutral border zone and on a 50:50 split of all energy eventually produced – the exact criteria that Brazil had refused throughout the preceding months of behind-the-scenes diplomatic exchanges in the run-up to the meeting of 21 June.\textsuperscript{96} Brazil argued that a neutral frontier zone would set a dangerous pre-cedent by which any neighbouring country could, in theory, then challenge its borders.\textsuperscript{97} This stalemate carried on into the afternoon and at one point Chancellor Sapena Pastor insinuated that both governments needed to reassess the Treaty of 1872. Juracy Magalhães replied that a treaty could only be renegotiated by another treaty or by a war; and since Brazil refused to discuss a new treaty, he asked if Paraguay was willing to start a war. Taken aback, Sapena Pastor asked whether the Brazilian chancellor was threatening Paraguay. Juracy Magalhães said that he was simply trying to have a realistic conversation based on facts.\textsuperscript{98}

At this peak of tension both parties agreed to call off the day’s negotiations and reconvene the next morning. Privately, Juracy Magalhães commented that this impasse might prove insurmountable. Before leaving, however, Sapena Pastor and Juracy Magalhães exchanged proposals from their respective delegations. Each group deliberated deep into the night and returned the following morning with nearly identical documents. The main differences concerned two items that, as will be shown below, became the most important. The entire second day focused on the exact phrasing of these two articles.

At 7 pm on 22 June, in the presence of both delegations and various reporters, Juracy Magalhães and Sapena Pastor signed the final document. It consisted of eight articles, with numbers 3 and 4 being the critical pair that had demanded so much attention. Article 3 stated that Brazil and Paraguay agreed to jointly explore the hydroelectric potential of their shared waters; the Paraguayan delegation celebrated this recognition of equal access to the Paraná River as its greatest accomplishment.\textsuperscript{99} Article 4 was the most controversial part of the final agreement. Although it proclaimed that the energy produced would be ‘divided equally between both countries’, it also stipulated that each nation maintained the right to buy the other’s unused portion ‘at

\textsuperscript{95} A full roster of the delegations can be found in CPDOC-FGV, JM pi 66.06.21, folder III.

\textsuperscript{96} Unless otherwise noted, the description of the Act of Iguacu negotiations comes from a confidential report written afterwards by Juracy Magalhaes and sent to President Castelo Branco: AAA/DAM/DF/G/SG/75/930.1(42)(43), in: CPDOC-FGV, JM 66.01.27/1(A) CMRE.

\textsuperscript{97} This argument was made by the Estado Maior das Forças Armadas (General Staff of the Armed Forces, EMFA) on 16 June as part of the larger process of drafting Brazil’s proposal for the eventual negotiations with Paraguay: \textit{ibid.}, Appendix 7.

\textsuperscript{98} \textit{Ibid.}, Appendix 21. This retelling is also included in Magalhaes and Gueiros, \textit{O último tenente}, p. 349. It is significant to note that no evidence was found in Paraguayan sources to corroborate this exchange.

\textsuperscript{99} Special Border Commission Report, 16 Sept. 1966, p. 3, AHCP.
a fair price’. With a fraction of the population and energy needs of Brazil, Paraguay would never use its 50 percent share of the energy. Paraguay initially suggested selling its leftover energy ‘at cost price’ but gave in when Brazil threatened to end negotiations during the afternoon of the second day.\(^{100}\) Brazil’s insertion of the intentionally vague ‘fair price’ clause guaranteed its ability to reap tremendous profits from the Itaipu dam.\(^{101}\)

The final text also included a single memorandum. This document declared that although Brazil remained firmly convinced of its territorial rights as granted by the Treaty of 1872, it would remove its troops from the border as a sign of goodwill. The very next paragraph states that Paraguay also maintained its interpretation of the Treaty of 1872 and asserted its own sovereign claim to the exact same region occupied by Brazil’s military. What appears to be a fundamental paradox – both countries using an alleged peace treaty to codify the exact reasons that nearly brought them to war – perfectly embodies the border conflict itself. Each government made public gestures of cooperation only because it helped lead to the development of a hydroelectric project. Yet neither changed its ideological approach and, in the end, the border conflict continued to fester for years to come.

The signing of the Act of Iguacu invoked a sweeping discourse of modernisation and unity. Juracy Magalhães proclaimed that the agreement dissolved the tensions that had ‘sullied the longstanding friendship of Brazil and Paraguay’ and honoured the pan-American community by promoting ‘the peace and progress of our entire continent’. Sapena Pastor congratulated all involved for ‘finding solutions to the most difficult problems facing the relationship between Brazil and Paraguay in the twentieth century’.\(^{102}\) Newspapers in both countries disseminated this triumphant narrative. In Asunción, La Tribuna celebrated the ‘positive and eloquent’ results of the meeting, and Rio de Janeiro’s O Globo remarked on the unprecedented exchange of peaceful negotiations that paved the way to construct the world’s largest dam.\(^{103}\) Its symbolic achievements, however, would repeatedly be tested.

\(^{100}\) AAA/DAM/DF/G/SG/75/930.1(42)(43), in: CPDOC-FGV, JM 66.01.27/1(A) CMRE, Appendix 22.

\(^{101}\) Article 8 of the treaty of the 1973 Treaty of Itaipu required Paraguay to sell all of its unused energy exclusively to Brazil at the set price of US$3.00 per gigawatt hour (GWh). More importantly, this price was non-negotiable and was stipulated to stay fixed until 2023. The low price for Itaipu’s energy is evident when compared to that agreed for the energy generated by the Yacyretá dam, when during this same period Argentina and Paraguay agreed to sell its energy at US$1.998/GWh. Source: Ricardo Canese, Itaipú: dependencia o desarrollo (Asunción: Editorial Araverá, 1985), p. 16. These treaty terms were renegotiated only in 2009, under the leftist governments of Inácio ‘Lula’ da Silva in Brazil and Fernando Lugo in Paraguay.

\(^{102}\) Both of these closing remarks are reproduced in: CPDOC-FGV, JM 66.01.27/1(A) CMRE.

Less than a week later, an article in *O Globo* reported that Brazil had honoured its agreement by beginning to withdraw its soldiers from Porto Renato.\(^{104}\) If true, this would have indicated Brazil’s genuine interest in building a new period of mutual prosperity. Yet the Brazilian regime made no such efforts and the detachment remained firmly entrenched along the border. By September, Paraguay’s government had grown so frustrated that it sent Sapena Pastor to New York to speak at the General Assembly of the United Nations to denounce Brazil for reneging on its promise. In response, Brazil said that although most of its troops had been removed, one sergeant and one corporal remained in order to guard the barracks and ‘dissuade contraband activities’.\(^{105}\) Only on 3 December – nearly 18 months after its soldiers first arrived in Porto Renato – did Brazil finally withdraw its military forces.

Brazil’s government did not remove its troops before making one final deal that it had been seeking for years: uninhibited access to the fertile agricultural lands of eastern Paraguay. In his analysis of the Paraná borderlands, Andrew Nickson writes: ‘In exchange for the withdrawal of Brazilian troops from the Falls, agreed in the Act of Iguazu, the Paraguayan Government removed existing restrictions on Brazilian colonization.’\(^{106}\) Specifically, the Stroessner regime repealed the 1940 Agrarian Statute that prohibited the sale of land to foreigners within 150 km of the border. Although this law had previously been circumvented – Brazilian farmers had trickled across the border for decades – its abolition allowed for the open sale of land. Brazilians began to flood *en masse* into Paraguay’s eastern frontier, setting off a wave of brasiguaios agricultural migration. In 1962, fewer than 2,500 Brazilian colonists lived in Paraguay’s three main eastern border departments, but with the removal of legal restrictions that number soared to 29,000 in 1972, and 360,000 by 1983.\(^{107}\) Currently, there are an estimated 450,000 brasiguaios, representing 60 percent of the border region and nearly 10 percent of Paraguay’s entire population.\(^{108}\) Brazil’s manoeuvres during the border crisis therefore secured not only geopolitical prestige and access to unprecedented hydroelectric energy, but a monopoly on what would quickly become a thriving agricultural enclave. By refusing to remove its troops unless Stroessner granted unfettered access to new lands, the Brazilian government expanded its reach even deeper into Paraguayan territory.

\(^{105}\) This information comes from a report marked ‘secret/urgent’ dated 5 July 1967. Source: AN-RJ, BR AN, BSB N8.0.PSN, EST.286, pp. 728–37.
\(^{106}\) Nickson, ‘Brazilian Colonization’, p. 121.
Conclusion

In the mid-1960s a bi-national dam represented the chance to solve two problems at once: the governments of Brazil and Paraguay would harness the hydroelectric power of the Paraná River while also resolving a century-old border conflict. Over 1,300 km² were flooded to create Itaipú’s reservoir basin. This area included the Guaira waterfalls themselves, meaning that the rising waters of Itaipu swallowed up the entire region around Porto Renato. After 100 years of geopolitical stand-offs, Brazil and Paraguay had finally found a way to make their border conflict literally disappear. As Brazil’s Foreign Ministry described in a confidential report: the dam ‘should flood the entire disputed zone, and as such, would finally resolve this problem’.

Over the course of the Guaira border crisis, the Southern Cone’s geopolitical compass tilted dramatically. During the infancy of Brazil’s dictatorship, its leaders stood firm against the demands of both Paraguay and Argentina, allowing the Brazilian regime to bolster its standing throughout the region. By seeking to fulfil the development ideologies of its Doctrine of National Security – and with the support of the US government – the Brazilian dictatorship gained control of both the waters of the Paraná River and the lands of eastern Paraguay. This process brought Paraguay into Brazil’s sphere of power and minimised the influence of Argentina. And although marginalised by the stigma of being a secondary nation stuck in Brazil’s shadow, Paraguay’s actions at Guaira guaranteed that it would benefit greatly from new sources of hydroelectric energy.

The Guaira border stand-off was one of the most significant events in the formation of Latin America’s current geopolitical landscape. Along with enabling the construction of the Itaipu dam, this process catalysed Brazil’s ascent as the Southern Cone’s major power. Rooted in the legacies of the War of the Triple Alliance, the conflict was reanimated a century later by the ambitions of two military regimes in the throes of Latin America’s Cold War. For fifteen months between 1965 and 1966, the governments of Brazil and Paraguay attempted to defend their national sovereignty in a tense frontier zone. Each regime mobilised troops along the border and invoked the spectre of war, all to stake a claim to the hydroelectric potential of the Paraná River. When the dust settled, Brazil had secured almost complete control of what was to become the Itaipu project, and was well on its way to becoming the region’s most powerful nation. On the 50th anniversary of this momentous – yet almost entirely overlooked – episode in Latin American history, revisiting the Brazil–Paraguay border crisis unearths the forgotten roots of the Itaipu dam while shedding new light on the geopolitics of the Southern Cone.

Spanish and Portuguese abstracts

Spanish abstract. Este artículo detalla el conflicto limítrofe de quince meses entre los regímenes militares de Brasil y Paraguay que se dio entre marzo de 1965 y junio de 1966 – una confrontación que allanó el camino al proyecto Itaipu que habría de convertirse en la represa más grande del mundo. En el contexto de la Guerra Fría de los años 60, ambos gobiernos vieron la gran represa sobre el río Paraná como una forma de promover la industrialización y con ello reforzar la legitimidad política de sus respectivos regímenes autoritarios. Ahora bien, la crisis fronteriza no fue una confrontación entre dos poderes iguales. Brasil era la potencia mayor, y, con el respaldo de los Estados Unidos, la dictadura brasileña condujo firmemente a Paraguay bajo su esfera de influencia al tiempo que también marginó a la vecina Argentina. La cuestión fronteriza en Guairá sirvió de trampolín al emergente poder brasileño, lo que subsecuentemente transformó el paisaje geopolítico del Cono Sur.

Spanish keywords: desarrollo, dictadura, diplomacia, tierras fronterizas, Guerra Fría

Portuguese abstract. Este artigo narra os quinze meses de conflito de fronteira entre os regimes militares do Brasil e do Paraguai ocorrido entre março de 1965 e junho de 1966 – um impasse que abriu caminho para a construção da hidrelétrica de Itaipu, projeto que se tornaria a maior barragem do mundo. No contexto da Guerra Fria da década de 1960, ambos os governos viram numa usina hidrelétrica de grande escala no rio Paraná um meio de catalisar a industrialização e fortalecer a legitimidade política de seus respectivos regimes autoritários. Porém, a crise na fronteira não foi um impasse entre forças iguais. O Brasil representava um poder muito maior. Apoiada pelos Estados Unidos, a ditadura brasileira conduziu firmemente o Paraguai dentro de sua esfera de influência, enquanto ainda marginalizava a vizinha Argentina. A questão fronteiriça de Guairá serviu como um trampolim para o poder crescente do Brasil, e subsecuentemente transformou a paisagem geopolítica do Cone Sul.

Portuguese keywords: desenvolvimento, ditadura, diplomacia, zonas de fronteira, Guerra Fria