Twenty Years of Paraguayan Electoral Democracy: from Monopolistic to Pluralistic Clientelism

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Introduction

Clientelism is deeply ingrained social and political institution in Paraguay and has proven to be a source of strong continuity in the face of attempted economic and political reforms. As has been the case elsewhere, observers of Paraguayan politics and development regularly blame clientelism for economic stagnation, high levels of inequality, the ineffectiveness of the public sector, and general disappointment with democracy in the country. With the end of one-party rule in 2008, demands to eradicate this personalistic form of politics have grown louder inside and outside the government.[1] But what exactly is clientelism? How did it come to be so deeply ingrained in Paraguay? How does it exert so much influence on the quality of political and economic governance? And what are the possible sources of change, reform, and progress in a clientelist system?

To answer these questions, this chapter will examine the history of state-society relations in Paraguay and argue that the pattern of economic growth during Paraguay's authoritarian period incorporated diverse social classes into the political system through institutionalized clientelist networks. The formal institutional changes, brought about by democratization and regional integration, were insufficient to alter this pattern of interest organization, leading to strong continuities over the course of the 1990s and early 2000s. However, this paper argues that the new electoral rules and economic conditions gradually produced a shift from a highly coherent and monopolistic clientelism to a less coherent and more pluralistic form of clientelism, with greater room for competition for state resources and power. The chapter will conclude by discussing the implications of these changes for economic policy-making and economic development.

Clientelism: Definition, Origins, and Sources of Change

This section will build a definition of clientelism as an informal institution that establishes parameters for distributive politics and encourages the particularistic, as opposed to collective, pursuit of economic and political interests, promoting the provision of goods and services by the public sector at low levels of aggregation (i.e. public provision of divisible, private goods as opposed to public goods). After introducing the general features of clientelist systems, it will discuss how the literature on clientelism has characterized variation in clientelist systems across space and over time. This review of the literature on clientelism serves to frame the chapter's subsequent analysis of how democratization and regional integration have altered the practice of clientelism in

[1]Recent condemnation of rampant clientelism in Paraguay's current government has included headlines such as "Descarado clientelismo con ayudas sociales," ABC Color, August 6, 2010, http://www.abc.com.py/abc/nota/134757-Descarado-clientelismo-con-ayudas-sociales/, 08/06/10; "Clientelismo luguista en nada difiere del colordado," *ABC Color*, November 11, 2009, http://www.abc.com.py/2009/11/11/nota/45359-Clientelismo-luguista-en-nada-difiere-del-colorado/, 08/06/10; and "Ayuda familiar condicionada . . . a votar por el luguismo" March 7, 2010, http://www.abc.com.py/2010/03/07/seccion/editorialabccolor/; 08/06/10.

Paraguay and in turn modified the prospects of economic and development-policy making.

What Clientelism is not: Corruption and other Public-Sector 'Pathologies'

Clientelism often coincides with other patterns of political behavior that are considered 'undemocratic,' encouraging observers to generalize about the political pathologies they believe plague their societies and governments and to lose sight of important analytical distinctions. Because it is a subject such popular, as well as analytical confusion, it is useful to begin discussion with a brief note about what clientelism is not.

First, clientelism is not synonymous with corruption. Piattoni et al. define the latter as "the exchange of money (or monetizable goods) for decisions on the part of career or elected officials that favor economically particular individuals or groups."[2] Thus, corruption implies the purchase of political influence by private economic actors and is a widespread phenomenon in clientelist and non-clientelist societies alike. Clientelism and corruption may exist side by side; however, as will become clear, clientelism implies nearly the opposite relationship, in which *public* resources are distributed personalistically to private individuals or private groups in exchange for *political support.*

Second, to the extent that clientelism is blamed for the poor performance of the public sector, the phenomenon and its probable effects should be distinguished from other common complaints about the ineffectiveness of the public sector. It is important to distinguish problems related to *personalism or clientelism* from those that stem from *lack of accountability* and those that stem from *bureaucratic rigidity*. In their comparative study of public sector reform in developing countries, Schneider and Heredia discuss three models of administrative reform that correspond to these three different "diagnoses" of poor public-sector performance.[3] The first, "civil service reform" is designed to combat excessive personalism, clientelism, and corruption in public-sector bureaucracies The goal of reform is to make the execution of public policy more universal and to provide a more professional and meritocratic basis for public sector employment, typically by adopting entrance exams, tenure, promotion by merit, and rules-based decision making.

This should be contrasted with situations in which abuse of power, arbitrariness, and lack of accountability to citizens is deemed to be the principle problem, and which call for "accountability reforms." The goal of these reforms is to introduce external control, subjecting the bureaucracy to greater oversight and encouraging responsiveness to civil society or legislatures. Third, "managerial reforms" respond to perceived inefficiency or rigidity in the public sector, and aim to increase its efficiency, its responsiveness to

[2] (Piattoni 2001, 7).
[3] (Schneider and Heredia).

clients, and its flexibility in responding to diverse demands. Here, reform often introduces competition among agencies, sometimes through contracting or through decentralization, and creates incentives for responsiveness by eliminating permanent tenure or tying pay to performance.

Again, while there is a popular tendency to lump these diverse public-sector shortcomings together, the failures of the public sector can result from highly divergent problems, with different solutions implying a set of trade-offs. For example, while increased oversight by a regulatory agency or the legislature may make the public bureaucracy more accountable, it may introduce inflexibility, politicization, and worsen clientelism. Conversely, civil service reform may improve the professionalism of the pubic service, but at the cost of decreasing its responsiveness to democratic pressures.

Defining Clientelism

The definition of clientelism presented here builds on Simone Piattoni's writing on clientelism views the phenomenon *as a set of exchange relationships between two groups, in which votes or other types of partisan support are exchanged by clients for the divisible and privately appropriable material benefits provided by patrons*. Vote buying provides the clearest and most commonly studied example of clientelism, particularly in Latin America. In vote buying, political clients provide votes on Election Day in exchange for cash, food, clothing, or other goods provided by political patrons. In this case, the goods exchanged meet the strictest definition of private goods, in that they are excludable and privately appropriable (cash can be given to a single individual and his or her use of that cash prevents another individual from using it).

In the English-speaking world, the term "Patronage" is most often used to indicate a special subset of clientelist exchanges, in which the public-sector jobs provide the currency of exchange. In this case, clients grant their votes to the politician or political party that provides or promises to provide public employment. Employment also meets the strict definition of a private good in that it is excludable and privately appropriable.

In addition to petty goods and jobs, a whole range of goods and political benefits may serve as the medium of exchange, including regulatory favors, political and bureaucratic influence, and inclusion in a wide range of public and social policies that generate relatively divisible benefits—ranging from cash-transfer welfare programs, to health and education services, to targeted industrial polices.

There is a debate in the literature as to whether political clientelism is best understood as a set of short-term transactions that occur at election time,[4] or as more permanent 'problem-solving' networks that connect the poor to political authority through norms of

[4](cf. Brusco et al. 2004).

vertical reciprocity and remain active throughout the electoral cycle.[5] The distinction has consequences for the stability of clientelism and its distributive consequences. However, both views concur in describing clientelism as a set of relationships through which targeted material benefits and political loyalty are exchanged.

I follow Piattoni in using the language of supply and demand to describe these exchanges. In this framework, **supply** represents patrons' willingness to secure and distribute divisible to goods clients as a means of staying in power and claiming authority. Patrons' willingness to provide such goods depends, in turn, on the availability of resources for clientelistic distribution and the availability of alternative bases for claiming authority. Patrons are most likely to rely on clientelism as a strategy when they 1) have access to a stable resource base that can be converted into divisible benefits and distributed among clients and 2) when alternative resources or methods of mobilizing support and maintaining authority are absent.

Demand represents clients' demands for divisible private goods and their expectations that they will be provided by the leaders of their political organizations. The magnitude of demand for divisible private goods depends on the composition of interests within a given society or constituency. First, because of their greater urgent and short-term material needs, the poor are likely to have greater demand for clientelistic goods. However, whether these demands take an individual or a more collective form depends on how and whether individuals arrange themselves into groups, and the extent to which they interpret their personal demands as particular instances of broader interests. This is most often referred to as the strength of horizontal ties within and among social and civil society groups.

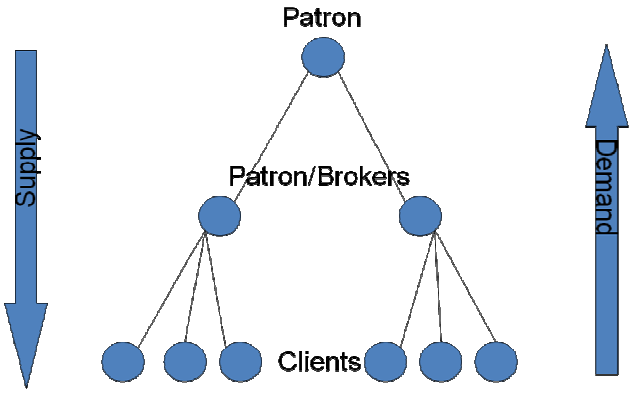
Table 1. **Supply and Demand Framework for Organizational Clientelism**

	Definition	*Determinants*
Supply	Patrons'/ Leaders' propensity to offer divisible goods as a means of retaining power.	Availability of Resources for Clientelistic Distribution Availability of other alternative bases of claiming authority
Demand	Clients'/Members' propensity to demand divisible goods from their organizations and leaders.	Socio-economic Composition of interests within membership

[5](cf. Gay 2006; Auyero 2001).

Within clientelist networks, supply emanates from the top, where a patron has secure access to a set of economic resources and decides how they will be distributed. Demand rests at the bottom of the network, where patrons choose how and at what level of aggregation to articulate their demands. Supply and demand are nested, in the sense that a client's demand is met by his patron's supply, but that patron in turn may serves as a broker who articulates demands for divisible benefits to a patron further up the chain (see Figure 1.)

Figure 1. **Supply and Demand in Clientelist Networks**



Because clientelism encourages the formation of vertical, dyadic ties (i.e. personal ties that join two individuals from different socio-economic strata) at the expense of horizontal, corporate ties (i.e. ties that join members of the same socio-economic class in multiple or interlocking ways) it is viewed as preventing collective action and as subordinating the interests of the client to those of his or her patron.[6]

Consequently, clientelism is also associated with low investment in public or collective goods. The lack of horizontal ties, absence of corporate groups, and weak collective action in clientelist systems encourages actors to view their economic and political interests at low levels of aggregation, and patrons' to provide goods and services at correspondingly low levels of aggregation or high levels of excludability. For example, a universal interest for improved education can lead to a number of different kinds of demands, ranging from a client's demand on a patron for a loan, recommendation, or scholarship to get a child into a school, to a community's demand for public funds to build a local school house or pay local school teachers' salaries, to interest groups' demands for educational reform. By definition, in a clientelist system, individuals are more likely to make claims and demands on a personal level and basis rather than a collective one. The presumed result of such personalistic exchanges is restricted access to a wide variety of public goods, such as infrastructure, research, education, and training.

[6] (Putnam et al. 1993).

Generally, this pattern of interest representation is contrasted with forms of politics which rest on stronger horizontal ties within and among interests groups, such as class politics where groups that are more broadly representative of labor, capital, and landed interests compete for power; pluralism, where a wide range of interest groups compete freely for power; and corporatism, where the state recognizes and legitimizes a certain set of interests and attempts to adjudicate among them without free competition.[7] These patterns of politics are thought to provide a better basis for the provision of collective and public goods (i.e. goods and services that are not excludable and privately appropriable, for example national healthcare policy or environmental protection) by government.

Three views on the Origin of Clientelist Systems and Their Evolution

Initial writing on clientelism conceived of it as determined by demand-side factors specific to early (agrarian) stages of the development transition. The social and economic conditions common to agrarian societies, high inequality, severe economic scarcity and uncertainty, and specific patterns of clan and kinship-based social organization, encouraged a set of social relations based on reciprocity and personalistic exchange. Specifically with regard to electoral clientelism, the integration or recruitment of rural populations into national electoral politics and party structures then gave rise to a mode of interest representation based on the same particularistic exchanges which characterized village life.[8] In these views, industrial development, urbanization, and the concomitant modernization of social structures in developing countries would ultimately generate political structures based on class or group interests and the waning of rural-based clientelism.[9]

Subsequently, the persistence of clientelism and machine politics in the face of strong changes such as urbanization, the commercialization of agriculture, and industrialization gave rise to a second, more institutional view of clientelism, in which supply-side factors dominate. This view locates clientelism's origins in specific historical events, rather than in social structure, and, as a result, views clientelism as a much more stable and persistent arrangement. In this view, political party formation often represents a critical juncture in

[7] For an example of class analysis of politics see Katznelson and Zolberg (1986); for the classic texts of the pluralist school see Dahl (1961) and Lipset (1960); for the text that introduced the study of neo-corporatism see Schmitter (1974).
[8] (Powell 1970; Huntington 1968).
[9] Powell (1970) writes, "eventually, in the course of overall modernization, the growth of the city becomes a destabilizing phenomenon; in some cases, an urban elite group can form an alliance with the peasantry, rounding, as it were, the unstable city with the stable countryside by bringing the two into an interdependent relationship. The resulting period of governmental stability may then be used to perform many of the necessary modernizing tasks of government in the course of development. Success, however, brings with it a decreasing relevance and effectiveness of the original peasant base of support (77).

which supply and demand for clientelist goods and the organizational institutions that perpetuate both are established. The circumstances in which elites find themselves at the moment of party founding determines whether they can access resources to mobilize supporters clientelistically, or must rely on some other basis to mobilize support, such as ideology or collective or class identities.

Shefter's "state-centered" study of political parties provides an example of a critical juncture approach to the study of clientelism in the political parties of advanced countries.[10] He draws distinctions among political parties based on the opportunities facing party elites at the time of founding. In parties that formed before state bureaucracies gained full autonomy, elites had access to patronage resources and could mobilize mass support through the distribution of divisible benefits. In contrast to these "internally mobilized parties," parties that formed after the development of autonomous state bureaucracies were forced to build mass support by mobilizing excluded groups and tended to resort to programmatic appeals rather than patronage to mobilize voters. The prevalence of clientelism in a country's political system thus depends on the timing of democratization and the development of bureaucratic autonomy. [11]

Research on clientelism in a wide range of settings has stressed its durability and adaptability to social, economic and political disruptions, and presents clientelism as an enduring barrier to economic development. Authors espousing this view have described clientelism as a profoundly conservative social and political arrangement that both prevents endogenous change and that is fairly resistant to a wide variety of exogenous changes. Describing the effects of machine politics in Sicily, Judith Chubb writes:

> the machine can best be understood as an effective and low-cost instrument for the preservation of the social, economic, and political status quo. By integrating the poor into the existing system with short-term individualistic rewards and the illusion of participation, the machine mitigates social and political conflict and impedes the organization of the poor along alternative lines. At the same time, the longer-term needs of the poor are not met, as the machine serves established economic interests at the expensive of investment in substantive social policy.[12]

However, most recently, a third view of clientelism has arisen that suggests that pervious critical juncture views of clientelism, may overstate its stability and coherence. While some authors view clientelism and the continued dominance of traditional patron classes

[10] (Shefter 1994).
[11] Earlier critical juncture explanations of party systems relied on the timing of initial party competition (Kaufman 1977), where partisan competition in the "early agrarian-based caudillo" period gives way to machine-based party systems, such as in Colombia and Uruguay, and later initiation of partisan competition generates "group-based," as in Argentina, Chile, and Venezuela, and "center-dominant" systems as in Mexico and Brazil. Similar in approach, Collier and Collier (1991) explain different party systems on the basis of historical comparative studies of Latin American party systems.
[12] (Chubb 1982, 9).

as a strong barrier to democratic consolidation,[13] other work examines how clientelism changes in response to political action and economic changes that alter both the supply and demand for clientelist goods.

For example, Jonathan Fox's studies of food politics in Mexico,[14] of leadership accountability in regional peasant organizations,[15] and on rural democratization in Mexico,[16] takes account of both supply-side divisions between "reformist" and "authoritarian" elites and the increasing capacity of civil society organizations to generate collective demands. The author argues that cooperation among reformist elites and civil society organizations in Mexico has promoted shifts from "authoritarian clientelism" to "semi-clientelism," and to zones of "pluralist tolerance."

Conversely, Levitsky's and Auyero's respective studies of Argentine politics over the 1990s show how class-based politics can revert to clientelism. [17] The authors argue that in the urban areas of Buenos Aires, neoliberal economic policies and the parallel processes of 'deindustrialization' and 'deproletarianization' of the 1990s eroded the institutions of interest representation that had previously tied voters to the Peronist Party through labor-unions and class identity. During the period of Argentine Industrialization, clientelism had remained at the margin of Peronist electoral strategies, and economic populism had been overlain by working-class identity as the main basis for political mobilization among the urban poor. However, over the 1990s, a changing economic structure drove the resurfacing of spatially-targeted, patronage-based appeals among politicians and of demands for 'personalized political mediation' among the poor (Auyero 2001).

In this view, clientelist structures imply certain stability, but also adapt and change along with the other institutions that govern politics and the economic system, and in which politics are embedded. Rather than automatic and gradual change in response to modernization, or stability, the view is one of contingent and contested change that is constructed by political actors in the midst of a changing environment.

This latter view informs the rest of the paper, which will argue that, despite the strong continuities in clientelism in pre and post-democracy Paraguay, the formal institutional changes undertaken with the adoption of the 1992 constitution and the concomitant economic changes generated by increased regional integration have been sufficient to provoke changes in the informal practice and structure of political clientelism, shifting it gradually from a highly coherent and monopolistic form of clientelism, in which the supply of clientelist goods was entirely controlled by the Colorado party, to a more pluralistic form of clientelism in which different factions and increasingly different

[13] (O'Donnell 1996a; 1996b; Hagopian 1996, 1990).
[14] (Fox 1993).
[15] (Fox 1992; Fox and Hernandez 1989).
[16] (Fox 1996, 1990, 1994).
[17] (Levitsky 2003; Auyero 2001).

party's compete for access to the state and direct its resources to increasingly coherent groups. While these changes were set in motion with democratization, or perhaps earlier as the country's authoritarian regime began to weaken, their full impact only became clear 20 years later with the end of sixty years of one party rule in 2008.

As the following section will make clear, Paraguay's social and economic structure, the durability the country's authoritarian regime, the coherence of Colorado-Party machine, and the nature of the country's democratic transition clearly make it a most-likely case for stable and coherent clientelism. While in hindsight the gradual erosion of the Colorado Party's monopoly appears clear, most domestic and international observers did not predict that the Colorado party was capable of losing the 2008 elections and looked on in disbelief as the piece-meal electoral alliance of Paraguay's priest-turned politician, current-president Fernando Lugo, ended 60 years of one party rule. The case thus provides a clear illustration of how monopolistic clientelism does not disappear with democratization, but evolves gradually over time.

The following section, first, describes how the authoritarian regime of Alfredo Stroessner (1954-1989) adopted clientelism as an institutional solution to the problem of political instability, incorporating a wide range of social actors into the Colorado party through clientelist exchanges. Second, it shows how democratization left intact clientelist structures that drove strong continuities in electoral outcomes and governance for nearly two decades. Finally it demonstrates how the adoption of a democratic constitution in 1992 set in motion gradual changes in clientelist political behavior that over time meaningfully altered the relationship between social groups and the state.

The Making of Monopolistic Clientelism in Authoritarian Paraguay 1954-1989.

Paraguayan history, culture, and material conditions provided a background where cultural attitudes of deference toward authority and economic conditions of scarcity and inequality lent themselves toward clientelist relations. Researched in 1948-49, Elman and Helen Service's ethnography of "Tobatí: Paraguayan Town," provides a description of economic conditions in pre-Stroessner Paraguay:

> There is a generalized state of rural poverty in Paraguay, despite the great natural bounty of the land. The lack of export markets, combined with high transportation costs, lack of capital, and credit facilities, and the very small size of the internal market, results, at the local rural level, in an absence of modern tools and techniques, uneconomic marketing methods, nomadism, and a noncommercial attitude. In the market sense of the word, agriculture "doesn't' pay", even though the majority of the population must engage in it to live.[18]

[18] (Service and Service 1954, 59).

In these conditions, peasants espoused attitudes of dependence, described elsewhere as the "image of the limited good,"[19] and viewed patron-client ties, rather than investment, production, and accumulation, as the exclusive vehicles for social mobility and material progress.[20] Patron client ties, even those in which labor with clearly economic functions were exchanged, took the typical guise of friendship and fictive kinship or *compradrazgo.*[21] Outside the peasant economy, politics rather than business provided the primary vehicle for personal social mobility and economic progress.[22]

The struggle for political influence and access to the opportunities for economic advancement offered by public resources played out in a violent and highly volatile political history stretching from the highly repressive dictatorships that followed Paraguay's independence from Spain to the dizzying series of coups and counter-coups staged among an endlessly renewing string of factions that culminated in the 1947 civl war. No sooner would a leader consolidate control of the state, purging and exiling from it the remnants of the earlier authority, than would his ambitious subordinates begin plotting his over-through, building alliances from the fragments of previously exiled factions or newly popular leaders.[23]

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[19]See Powell (1970) on the image of the limited good in Mexican peasant communities. Regarding Paraguay, Service and Service (1954) write, "typical peasant attitudes are those we associate with Europe before the spread of the "protestant" or "capitalist" ethic . . . . this does not mean that the peasant is not acquisitive, that he does not desire a better living for himself and his family, but the acquisitiveness does not take the economic-ideological form that it does in a middle-class urban milieu. His experience, and that of his ancestors, is that consistent application to his work could be expected to maintain him in the status in which he was born but with no chance of enhancing it. A rich man whose family was not "always wealthy" must have gained his position as a result of luck or influence. We never discovered any sentiment among the peasants that hard work and intelligent management or enterprise could achieve other than a small and ephemeral reward" (124).

[20] Service and Service (1954) write: "The conception that economic improvement can be achieved only through the aid or influence of a patrón is also very prevalent, in spite of the fact that for many years there have been no agricultural haciendas. The most usual response from a peasant who is queried about his economic and technological difficulties is not that he needs a steel plow, better seed or a yoke of oxen, but that he needs a good patrón who will help him." (125).

[21] "The behavior of peasants in a wage working context is instructive. The more overt and idealized attitude is that, in working for someone, you are doing him a personal favor; the wages received in return are presents or tokens of esteem . . . . Labor is not seen as a commodity, impersonally bought and sold, nor is working for an employer viewed as a possible means of making a living . . . .The relation between patrón and peon in a wage working context, while in actuality an impersonal pecuniary relationship, tends to take the social form of personal reciprocal obligations. Thus a patrón hires a person as though he were asking a personal favor, and the peon responds as though he were obliged to grant it. The payment of the wage is played down, almost as an undercover act. Often an employer will hire a compadre or the patron and peon may become compadres, as a sort of reinforcement of the working relationship. If a patrón wishes to fire a worker or if a worker wants to quit, each tries to create a situation which would make the other actually commit the act which destroys the relationship"(Service and Service 1954, 126-27).

[22]"The most normal understanding of the possibility for economic and social mobility actually occurs in the realm of politics, not in business. Mobility via political office-holding or political favoritism has in the past been virtually the only way an ambitious and able man could find a way to financial success, and even today it is seen as more normal than any other way" (Service and Service 1954, 129).

[23]Lewis's (1980) history of the Stroessner regime recounts this portion of Paraguay's history in great detail.

The breakdown of a coalition government provoked the 1947 civil war, and its outcome denied the country its brief and only historical prospects for social reform and democracy. While the Colorado's victory did not end political instability, it undeniably set the stage for the Stroessner's rise to power and sixty years of political monopoly by the Colorado Party. Lewis writes:

> The end of the civil war left the Colorados the undisputed masters of the state. The defection of nearly 80 percent of the officer corps to the rebel side meant that only Colorado military men remained in positions of command, and the rank and file of the new loyalist army was made up of Colorado recruits. What is more, the party not only controlled the army but was also in a position to monopolize all of the government jobs . . . Although it is difficult to estimate how many people emigrated during the civil war and immediately afterward, estimates range form two hundred thousand to four hundred thousand and upwards. That represented about one-third of the country's population.[24]

Continued factionalism and competition for leadership within the Colorado party drove a period of instability from 1947-1954, seven years during which seven different men occupied executive power, as the pattern of coups and counter-coups that had characterized Paraguayan politics for several decades continued. When a coup brought Alfredo Stroessner, an Army General, to power in 1954, competing factions of the Colorado party saw military rule as a stop-gap measure while they built leverage and strategized their take over, giving every indication that the General's government would be as short-lived as previous ones.

Instead, Stroessner presided over the second longest dictatorships in Latin American history, a rule that he maintained by eliminating factionalism in the Colorado Party and developing it as a highly efficient tool to consolidate his power in the public bureaucracy, the state, the military, the economy and civil society:

> By 1967, no factions divided the Colorado party. Everyone was a Stroessnerista. To be sure, some of those in high party and government posts had once identified themselves with some other leader . . . . Yet all had repudiated their former connections and in doing so had cast their lot irrevocably with Stroessner. Since their safety and prosperity rested on the continuance of the regime, they were forced to support it wholeheartedly . . . . in this era, a new generation of young men rose to prominent positions in the regime . . . . Political nobodies before Stroessner elevated them, these new faces also owed everything to the president.[25]

The Colorado Party

The Colorado Party, formally the National Republic Association (ANR), together with the Liberal Party, forms one of Paraguay's two traditional political organizations.

[24] (Lewis 1980, 38).
[25](Lewis 1980, 99).

Nichol's study of the origin and function of political party's in Paraguay describes them as non-ideological parties that originated as "ascriptive communities" rather than "associations of similar interests." Using original survey data on party leaders' attitudes on a variety of key political issues, he argues that the lack of any ideological disagreement across parties and the absence of ideological coherence within parties provide evidence of the parties' "community nature" that "combines a wide range of diverse interests and diverse classes."

On the basis of their origin during the early caudillo period and the contemporary absence of bureaucratic autonomy within the Paraguayan state, Kuafman and Shefter's typologies would also, correctly, predict that both traditional parties follow "machine" or "patronage" strategies of mass mobilization.[26] Regarding the two parties' origins, Nichols writes:

> A knowledge of the nature and responsibilities of the caraí is basic to understanding how Paraguay's two main political parties became "traditional" and how party affiliation spread quickly through the country. The role of caraí is strictly a Paraguayan phenomenon. The role was a part of the *encomienda* system created in Paraguay by Spanish settlers seeking to control the Guarani Indian Tribes. The caraí was the paternalistic ruler of the *encomienda* (or ranch), of which he was the absolute master, and he received personal homage from all who dwelled on his land. Each caraí was absolute on his own *encomienda*, and his authority on his property was respected by other caraíes . . . Although Francia and later dictators had progressively enlarged their personal holdings at the expense of many of the caraíes[,] it was the remaining caraíes that formed the nucleus of leadership of both political parties in 1887; and once the parties were formed, each caraí quickly brought his subjects into the party which he had formed in order to maximize his party's numerical strength . . . . In this sense, *as these two parties recruited members into the political system via the caraí, members were recruited as "subjects" in the political system, i.e., oriented toward the outputs of the system with no thought that they might exert some influence themselves in the decision-making process.*[27]

After the liberal's exile in the 1947 civil war's aftermath, Stroessner enacted a set of reforms to the Colorado party designed to create a highly efficient and disciplined organization accountable to him personally, and that, like a military organization, was capable of executing his orders through its ranks.[28] At the top of this structure was the dictator himself, as Party President, and the Party Executive Committee, the *Junta de Gobierno*, which was composed of thirty-five members and sixteen alternates (*suplentes*), nominally elected in a party convention, but always from a single slate of candidates approved from above.[29]

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[26] See Kaufman (1977) and Shefter (1994).
[27] (Nichols 1969, 30-32, emphasis added).
[28] (Lewis 1980, 100).
[29] Describing intra-party politics in 1960s Paraguay, Nichols (1969) writes "lists of candidate are carefully drawn up ahead of time by incumbent factions represented on the executive committee. The Colorado Party has moved even closer toward indirect representation by eliminating contested elections within the party.

The Junta's work was divided into committees and subcommittees, with the Political Committee occupying the inner circle of party power.[30] The Junta also maintained committees for labor, peasant, women, youth, legal matters, propaganda, and party organization. This latter committee served as the link between policies adopted by the Political Committee and its application by the party apparatus through the Political Committee's relationship with the Party's *seccional* system. The structure was built from 246 district offices (*seccionales*) further divided into hundreds of *sub-seccionales* throughout the capital and the countryside. The system served simultaneously as a network for the distribution of patronage and for the exercise of political control and surveillance that stretched from the dictator himself to the grassroots level.

Each *seccional* was governed by a president, vice-president, secretary, treasury, and members-at-large, chosen every three years by the vote of all registered party members in the district. The web of patron-client relationships that spanned society mobilized broad support for the regime as a large number of individuals' access to a broad range of economic resources and opportunities was conditioned on the regimes survival. The clientelist networks of the Colorado party fit the general pattern described above, which demand for divisible goods emanated from the poor and was met with a supply from the Colorado Party. The *seccionales* served as local centers of patronage, paying funeral expenses, providing legal aid, distributing necessary school supplies and providing clothes, medical care, and toys for poor families. These expenses were paid for with party funds extracted through 'donations' of urban party members employed largely in patronage positions in the public sector. [31]

However, combined with the Stroessner and the Colorado Party's control of the public-sector bureaucracy and the legislative institutions of the state, the *seccional* structure also facilitated a pattern of state-involvement in the economy provided the mortar with the Stroessner regime maintained one-party rule. Over the course of 35 years, the regime not only institutionalized the traditional patron-client ties of the peasantry and rural elite through land and agricultural policy, but also tied the full range of social classes to the state and the Colorado party through the distribution of private benefits of different varieties. The next section will describe in turn what goods were exchanged by the state in return for political loyalty of the peasantry, military and party elites, and the new urban middles classes.

Peasants and Rural Interests

Nomination lists are made up by the executive committee and are submitted to local organizations for ratification" (102-03).

[30] "When the party must make a critical decision, the Political Committee meets first in secret, thrashes out its position, and presents its recommendation to the rest of the junta" (Lewis 1980, 141).

[31] (Hicks 1971, 144; Lewis 1980).

In 1950, Paraguay's population was 65% rural, its economy 48.9% agricultural, and 55% of its population was employed in agricultural activities, primarily as subsistence farmers.[32] Because of their demographic weight, the support of peasant groups formed a cornerstone of the Stroessner regime.

Peasants were tied to the state through agricultural policy and land colonization programs that distributed land and cotton subsidies through the Colorado Party, the Ministry of Agriculture, and the Institute for Rural Welfare (IBR), under the legal framework of the 1963 Agrarian Statute.[33] The coopting function of IBR and colonization policy is evident from its origins. The demand to resettle peasants from the more densely populated central region of Paraguay to the areas bordering with Brazil emanated from landowners concerned with increasing pressure on their landholdings by squatters and invaders and the threat of social mobilization from organized peasant groups.[34]

As a result, rather than through expropriation and redistribution of land, the colonization program functioned by creating new peasant "colonies" by fractioning and distributing vast areas of publicly owned land and by granting land titles to squatters that occupied public lands. Reliable figures are hard to come by, but Baer and Birch cite a World Bank study reporting that, "between 1963 and 1973, 42,000 families were resettled by the Institute; of these 30% were relocated to the eastern frontier region. By the end of 1976 almost 90,0000 land titles has [sic] been issued, covering about 4 million hectares of land."[35] Alegre and Orué's examination of official figures for the period between 1947 and 2007 reports the distribution of 189,223 land titles (with an average landholding size of 18.2 Hectares) for a total area covering approximately 3,446,737 hectares in the country's more populous eastern region and 7,735 land titles (with a considerably larger average holding size of 1,106 hectares) covering an area of 8,557,916 hectares in the less populated Chaco region.[36]

Extra-legal grants of large tracts of government land in the Chaco region went to military and party elites (see below) and are partly responsible for the persistent unequal distribution of landholdings in Paraguay. To a much greater extent, IBR granted land in the eastern portion of Paraguay to colonization by peasant holders who benefited from agrarian reform policies. Even here, however, large tracts of land were also turned over to private colonization companies that settled Brazilian migrants and sought to attract

[32] DGEEC.
[33] (Nickson 1981).
[34] Landholder's support for policy aimed at "rural welfare" rather than agrarian reform and colonization rather than redistribution were first expressed at the First National Seminar on Land Reform on Jun 1958. The UN Food and Agriculture Organization sponsored the seminar organized by the national landholder and rancher's organization, the *Asociación Rural Paraguaya* (Baer and Birch 1984a, 786).
[35] (Baer and Birch 1984a, 786).
[36] (Alegre and Orué 2008, 45, 115).

foreign investment.[37] Alegre and Orué do not report how much of the land in eastern Paraguay was granted to peasant colonies, however IBR's longest-serving president claimed that, between 1963 and 1985, the institution created 661 peasant colonies, distributed 130 thousand plots on 8.8 million hectares of land, and granted 400,000 new land titles.[38] Today, the Rural Development and Land Institute (INDERT), IBR's successor, reports similar figures, with the creation of 630 peasant colonies covering 8.5 million hectares, and creating 79,659 new plots.[39]

The distribution of land and titles converted the IBR into one of the Paraguayan state's two major loci of clientelistic politics (the other being the Itaipú Hydroelectric Dam Authority, see below). The presidency of the agrarian reform institute, and access to its land and funding resources and the opportunities for corruption generated by its land transactions, became a valuable political tool for Colorado officials.

Other agricultural policies, particularly cotton subsidy and extension policies were designed to address the material interests of peasants, solidifying the Colorado Party's monopoly on interest mediation, without granting them the autonomy to defend their collective interests vis-à-vis middlemen, the local land-owning elite, and the state itself. The Ministry of Agriculture set up cotton pricing and subsidy policies in such a way as to facilitate rent-seeking by commercial intermediaries at the expense of cotton growers. At the same time local extension agents, rather than respond to the needs and interests of their peasant clients, defended the interests of local commercial and party elite who relied on the repressive power of the state to retain their monopsony power over the local cotton market.[40]

Where peasants did organize and begin to articulate collective political demands or cooperate in ways to improve their share of economic rents, they met with interference and often brutal repression from the Colorado state.[41] In organizational terms, the resulting pattern was one of officially sanctioned, elite-dominated cooperatives over which peasants exercised little influence and community level organizations that in many

[37] A 1955 TIME magazine article paints a fascinating portrait of Clarence Johnson, president of the American Economic Development Corporation (CAFÉ in Spanish), an American company incorporated in Brazil, that owned Paraguayan land half the size of Delaware, near Pedro Juan Caballero, and sold ready-made coffee plantations to "Wall Street bankers, Brazilian Businessmen, [and] even staid European capitalists." For $15,000, the company provided "from its holdings a complete 123½-acre farm, including a nanny goat, a sow, a bee colony, gardens and 22,500 young coffee trees."Coffee never became a successful cash crop, but much of the land that went into these sorts of enterprises how now been integrated into the soy complex. "Paraguay Frontier 1955" *Time Magazine*, June 27, 1955, http://www.time.com/time/magazine/article/0,9171,823815,00.html, 08/06/10.
[38] (Frutos 1985).
[39] INDERT
[40] (Turner 1993).
[41] (Turner 1998).

cases owed their existence to state-sponsored colonization and as a result tended to provide a weak basis for collective action.[42]

Yet, despite the political weakness of peasant groups, the subordination of their economic interests to large landholders, ranchers, and intermediaries, and the limited scope of state rural development policies, the combined effects of Stroessner's colonization and agricultural policies added up to an important transformation of the rural landscape. In the period stretching from the 1963-1989, Paraguay experienced a massive expansion of the area under crop production, its production volumes of non-traded food crops, and the production and export volumes of its export staples, cotton and soybeans. It is difficult to overstate the shift this represented for the Paraguayan economy, which before this period had been linked to the world economy primarily through the trade of extractive commodities such as timber, tannin, native (not cultivated) yerba mate, and especially low-intensity livestock production and exports (see table 1).

Table 1. Paraguayan Exports: Commodity Composition (Percent)

	1960	*1970*	*1975*	*1981*	*1983*
Wood products	14.9	19.7	15.8	12.3	7.6
Livestock	35.2	26.7	19.5	2.3	4.9
Tobacco	5.9	9.0	6.8	2.2	4.0
Cotton	1.1	6.3	11.4	43.7	31.3
Soybeans	-	-	9.9	16.1	30.1
Sugar	0.3	-	3.8	-	2.2
Vegetable oils	5.7	10.9	6.0	7.6	7.2
Essential oils	3.7	3.2	5.5	2.2	0.7
Quebracho extract (tannin)	10.9	3.1	1.4	1.9	2.1
Other (remainder)	7.4	21.1	19.9	11.7	9.3

Source: Baer and Birch, 1984.

The role that small farmers played in this transformation is a unique feature of Paraguay's pattern of agricultural development, and surprising given the limits on their exercise of political power. Weiskoff writes, "It may be a remarkable characteristic of Paraguayan agriculture that the expansion for the major food crops—cassava and corn—has been based on the production of hundreds of thousands of microfarms, each of less than a hectare. More surprising perhaps is that cotton, the leading export earner, is also a minifundia crop and was growing by 138,200 farmers in 1980/81 on plots averaging 1.76 hectares each."[43]

The nature of peasants incorporation into the Stroessner regime, subordinate and coopting as it was, is the central factor in explaining how peasant shifted from a nearly singular focus on subsistence production to economic strategies based on international commodity

[42] (Turner 1993).
[43] (Weisskoff 1992, 1534).

production. Two decades after democratization and the country's tentative embrace of globalization, the unique but tenuous possibilities for small-scale agriculture in Paraguay and in a global economy that has transformed agricultural markets reflect the ambiguous and mixed effects of state agricultural policy in the authoritarian period. On the one hand, peasant's and small farmer's links to the state and market provide opportunities for deeper commercial and productive integration with dynamic agricultural markets. On the other hand, the nature of those links do not easily facilitate the sorts of learning, productive upgrading, and cooperation and the formation of organizations that would permit small peasant farmers to integrate into those markets under more beneficial terms. Democratization, rather than transform those ties, threatened to eliminate them altogether as reformer's often viewed peasants, their demands, and their organizations as an inherently anti-democratic residue of Paraguay's populist past.[44]

Military and Party Elites

Potentially autonomous military and Colorado-Party elites presented a second challenge to Stroessner's bid for permanent power. The dictator bought their loyalty through the exchange of public resources, especially land, employment in public enterprise, and public contracts related the construction of the Itaipú Hydroelectric dam, and by selectively granting opportunities for graft, smuggling, and illicit trade in the informal economy.

The politicization of the military was carried out by the selective purges of pervious Colorado governments. However, circular 24, passed by Stroessner on July 22, 1955, formalized an alliance between the military and the Colorado Party and made membership in the party compulsory for all military officials. Rather than being Stroessner's initiative, the move toward compulsory party membership for the military was urged by the Colorado *Junta de Gobierno* with the intension of controlling the military. In practice, this subjected the Colorado Party to military control and allowed Stroessner to play the two organizations off each other for his own benefit, eliminating the autonomous power bases of both party and military subordinates.

Leadership posts in public enterprise provided one clear source of patronage. Public monopolies in telecommunications, water and electricity utilities, the ports, the railroad, the airline industry, and the alcohol and meat administrations, as well as public enterprises in steel making, ship-repair, furniture manufacture, quarrying, lumber, and cattle raising provided a large number of positions with which to reward political loyalty. Military officials occupied the executive posts of these businesses throughout much of the authoritarian period.[45]

[44] See Hetherington, (Forthcoming).
[45] (Lewis 1980,131-32).

Officially sanctioned smuggling offered a second avenue for enrichment that was extended selectively to supporters of the regime. Public concessions for the transportation industry provided one main point of control, as management of international bus and commercial routs also granted individuals the possibility of moving goods across borders illegally. Paraguay developed a well-known reputation as a source of cheap electronics and luxury goods during this period, when its borders were open to imports from East Asia and elsewhere but the much larger economies of Argentina and Brazil were protected by the high tariff barriers that characterized their import substitution industrialization policies.[46] Using IMF trade data, Borda estimates the magnitude of illegal trade during the dictatorship, showing an increase of illegal imports from an average annual base of US$8 million in the period from 1962-72 to an average high of approximately US$260 million for 1982-89.[47]

The end of ISI in Brazil and Argentina and the signing of the Southern Cone Common Market (MERCOSUR) Treaty in 1992 represent a serious blow to the economic sustainability of this development model.[48] However, the lasting consequences of this type of trade was to engender a class of wealthy entrepreneurs whose capital and knowledge investments were linked to illegal commerce rather than manufacturing, and who owed their position to the Colorado Party and in most cases to Stroessner personally. Lewis writes,

> one of the main sources of income for high army and police officials is the so called in-transit tax, which is simply a rake-off on all contraband going in or out of the country. Each area of the contraband trade is parceled out, like a fiefdom, to highly placed officers. The more important the man, the more lucrative is the racket apportioned to him. Like other patronage systems, the smuggling operations are organized into networks of patron-client relationships and provide jobs and incomes for a large number of people.[49]

This illicit economic activity and its institutionalization was officially recognized and referred to by Stroessner as "el Precio de la Paz."[50]

By far, the largest and most lastingly consequential source of patronage during the Stroessner regime was linked to the construction of the Binational Itaipú Hydroelectric Dam in cooperation with the Brazilian government. The massive infrastructure project simultaneously delivered economic growth, jobs for political subjects, and opportunities for the enrichment of the elite, who were able to accumulate capital on a scale

[46] (Masi 2006; Masi and Díaz 2007).
[47] (Borda 1989).
[48] Though the triangulation strategy was given a second life after Paraguay claimed extensions for the temporary exceptions to MERCOSUR's common external tariff (Masi and Ruiz Diaz 2007, 2010).
[49] The drug trade provided another important avenue for illicit enrichment reserved for highly placed members of the regime. Stroessner's eventual successor, General Andrés Rodriguez, was implicated in a heroin trafficking scheme that provoked expressions of official U.S. diplomatic disapproval. (Lewis 1980, 134-35).
[50] "The price of peace."

unprecedented in Paraguayan history. The strategy reveals the international character of patron-client politics, as Stroessner exploited the geo-political conflicts between Argentina and Brazil and the U.S. and the U.S.S.R to receive low-interest loans from abroad, in addition to high levels of economic and military aid in general.[51]

Until recently the world's largest hydroelectric dam, the multibillion-dollar Itaipú project ensured a massive influx of capital that would cover balance of payment deficits, fund a rapid and temporary consumption boom, and compensate fiscal deficits provoked by loss-making state-owned enterprises. Paraguay had the fastest economic growth in the Southern Hemisphere during 1974-1981, reaching an average of 9.2% and a maximum of 12.8% in 1977.[52] The construction industry accounted for the largest portion of this growth, both from dam's construction and residential and other government infrastructure projects. The sector grew at a rate of 26% annually from 1975-78, rising from 3 to 6% of GDP.[53] At its peak, the project directly employed 13,466 workers.[54]

The expanding economy provided the opportunity to create a new urban middle classes that would be tied to the Colorado Party from its very origin.

The New Urban Middles Classes

The urban middle classes, nearly non-existent before 1940, came into existence through the expansion of public employment and straightforward patronage hiring by the Colorado party. The *seccional* presidents provided virtually required letters of recommendation for public employment and could also pressure private employers to hire party members.

As a result both party membership and public employment grew rapidly during the regime. The party base grew from 142,000 Colorado-Party members in 1947 to 1.7 million in 1989, [55] along with the volume of public employment. Earlier data are unavailable, but from a base of 81,400 employees in 1980, public sector employment grew to a total of 152,705, the majority (77%) of which were employed in the executive branch, by the end of the Stroessner regime, 1989.[56]

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[51] Over the period 1954-89, the United States provided over $271 million in military and economic assistance—equivalent to 2.7% and 4.9% of the country's GDP in the periods 1953-61 and 1963-65 respectively. Additionally, Paraguay received $1.1 billion as loans from the Inter-American Development bank and the World Bank (cited in Lambert and Nickson 1997, 12).
[52] (Birch 1993, 36).
[53] (Birch 1993, 36); (Baer and Birch 1984b, 789).
[54] (Baer and Birch 1984b, 788).
[55] (Arditi 1993, 164).
[56] (Borda 1989), (Ministerio de Hacienda). Arditi (1993) estimates the figure closer to 200,000 once some 32,500 military personnel and 15,228 judicial officials are accounted for, bringing the total share of public-sector employment to 14% of the economically active population.

Supply and Demand for Clientelist Goods at the End of the Authoritarian Period

As a political institution, the Stroessner regime's web of patron-client relationships worked to severely limit the space for collective demands articulated by organizations autonomous of the Colorado party. Coercive pressures militated strongly against marginalized groups making claims outside the party. At the same time, after 35 years of dictatorship, dominant political attitudes and culture reflected the belief that the proper and legitimate way to advance political demands involved the mediation of a political patron. Because effective power was monopolized by the dictator, and the only access to that power lay through the atomizing channels of the Colorado party, interests tended to be articulated at low levels of aggregation in predominantly clientelistic ways.

For an individual or a community with a certain interest (e.g. securing employment, a piece of property, pursuing education, receiving community investments) the greatest chance of success involved approaching the local level administrator of the patronage system, the *sub-seccional* president, who could take the case to the *seccional* president, who in turn could press the case to higher party officials. The *Sub-seccional and Seccional* presidents' ultimate constituencies were the higher-level party officials who had selected them and to whom they were ultimately accountable. For the elite, demands could be taken directly to higher up party officials in Asunción.

The social groups that did exist owed their survival and often their birth to the Colorado party or the dictator personally. Dubbed the "fraudulent bourgeoisie" by Paraguayan historian Juan Carlos Herken, and elsewhere the "Barons of Itaipú," the small group of millionaires that comprise the country's economic elite consists of former Colorado and military elite that earned their fortunes through privileged access to state contracts, graft in public enterprise, and informal concessions for illicit economic activity. The political loyalty they had shown to the Stroessner regime, rather than to their managerial skill or entrepreneurial talent, drove their success. Furthermore, the sustainability of their enterprises depended on policies that encouraged rent-seeking over productive investment and that relied on the State's ability to attract development financing from abroad, protect black market exchange, and contain social backlash to growing inequality. Party membership provided the greatest point of coherence within this group, providing a weak organizational basis for formulating and demanding sectoral policies aimed at industrial development beyond the continuation of favorable trade policies and the extension of public contracts to politically loyal business.

Similarly, the new class of smallholders had come into existence through the agrarian reform process and, to the extent they achieved economic advancement, it was through the clientelistic distribution of credit and farming inputs. However, due to its limited purpose of containing social demands while privileging elite interests, the process of land reform had not made the sorts of public investments that would enhance productivity in the long run. At the same time, it had failed to generate a class of farmers capable of

making these investments on their own or of demanding sectoral policies that could address their collective needs. By the end of the authoritarian period, the peasantry represented one of the country's only organized social groups. Yet, its organizations lacked capacity to formulate and articulate collective demands on the state for the development of the peasant-farming sector.

Finally, the state and its bureaucracies grew through the distribution of patronage, developing strong tests of party loyalty for inclusion but failing to adopt criteria of technical or professional qualification. Colorado Party membership, rather than profession, provides the key element of coherence among the majority of the civil service's membership, particularly in the ministries where public-sector unions are strong (e.g. in the ministry of education). Public employees came to view their salaries and their access to public resources as payment for political loyalty and sources of payouts for politically loyal 'clients.' Accustomed to trading favors up and down the clientelist chains that link resources from the political center to the demands made by groups outside the state, the public ministries lacked the expertise to generate broad public policies and the stream of public goods aimed at improving economic competitiveness of Paraguayan industry and agriculture.

The set of interests generated by economic development during the authoritarian regime and the way these interests were tied to the state through a hegemonic political party, seemingly formed a political economy resistant to democratization and to economic reform. Privileged access to public resources generated elite unity, while repression and the clientelistic distribution of these resources atomized other social groups and neutralized their potential to challenge elite rule. Ultimately, internal factionalism, rather than external pressure, provided the central impulse toward regime change.

Regime Change: Elite-driven Democratization, 1989-1992

Regime change arrived in Paraguay largely as a result of Stroessner's aging and the crisis of succession it produced, as a struggle between his potential successors reopened the fractures within the Colorado party that Stroessner's patronage and repression had sealed for more than three decades. This competition, and to lesser degrees growing international disapproval of authoritarianism, the nurturing of domestic pro-democracy elements by the Catholic Church, and a decade of economic stagnation in the 1980s, weakened the old regime. When Stroessner's second in command, General Andrés Rodriguez, led a coup against the dictator in 1989, he was obliged to adopt a more liberal constitution and undertake formal changes in political and economic institutions.

Rodriguez's main goal in taking power was to end the period of factionalization and intense intra-elite conflict within the Colorado Party and the armed forces that had characterized the final years of rule under Stroessner. Thus, his actions sought to lay the

foundation for continued one-party rule, rather than for genuine electoral democracy, by cementing an alliance between the military and the 'traditionalist' faction of the Colorado Party, who put their loyalty to the party above their allegiance to the dictator. By preempting what seemed to be an inevitable opening of the regime, the traditionalists were able to regain legitimacy in the eyes of its citizens and the international system while controlling the process of liberalization, retaining the hegemony of the Colorado Party and preserving the privileges of patronage.

The nature of the traditionalist-military alliance, the elite-driven and conservative nature of regime change in Paraguay, and the weakness of civil society at the outset of democratization explain the strong continuities in post-Stroessner politics. The Colorado Party maintained electoral success for another 20 years. The same groups that staffed the government and its ministries before democratization have largely retained their posts, and criteria for public employment have changed little. On the whole, the performance in key ministries has remained the same or deteriorated, and proven highly resistant to reform. Development policy, while nominally redirected toward regional integration and improved social services, remains subordinated to the use of the state for clientelist distribution of public resources. Over the 1990s and 2000s the Paraguayan press has filled its pages with stories of the misuse of public development funds, such as the infamous "empedrado chino," road improvement project financed with a $400 million loan from the Taiwanese government. The project was to replace large stretches of dirt road with low-cost cobblestone. Over-invoicing and budget over runs led to costs that could have funded the construction of fully paved roads, and the quality of the cobblestone roads were so poor that the road cover was nearly obsolete by the time of the projects' completion.

Such observations seem to fit the predictions of the literature on "limited regime change," that displaced the "transition paradigm" that dominated the study of democratization in the 1990s.[57] The fact that the results of democratization in many Latin American and other contexts has not born out theoretical or policy expectations about the progressive deepening of democratization and electoral competition has either been interpreted as evidence of the limited nature of formal institutional change or as evidence of the primacy in structuring behavior of slow-changing informal, cultural institutions over those that are subject to direct reform and manipulation. [58] In the latter optic, the differences between clientelism and social capital, rather than electoral and non-electoral

[57] Carothers (2002) sums up the main presumption underlying the transition paradigm that "not only will elections give new post-dictatorial governments democratic legitimacy . . . but the elections will serve to broaden and deepen political participation and the democratic accountability of the state to its citizens. In other words, it has been assumed that in attempted transitions to democracy, elections will be not just a foundation stone but a key generator over time of further democratic reforms" (8).

[58] The first interpretation is evident in literature describing 'pacted transitions' that restored political power to 'old regime elites' and "left the military with a substantial degree of formal and informal power over civilians, preserved clientelism, and undermined the ability of political parties to transform themselves into genuine transmission belts for non-elite interests" (Hagopian 1996).

regimes, provide the key variables for "making democracy work."[59]

The theoretical response to perceived continuities has typically been to provide new conceptual categories to describe regime types that are either intermediate on the authoritarian-democratic continuum—e.g. 'competitive authoritarianism,' 'hegemonic electoral authoritarianism,' and 'dominant power politics'[60]—or somewhat orthogonal to it—e.g. 'feckless pluralism,' which, despite political freedom, regular elections, and genuine alternation in power, "democracy remains shallow and troubled," and "politics is widely seen as a stale, corrupt, elite-dominated domain that delivers little good to the country and commands equally little respect."[61]

These new categories undoubtedly described the results of regime change better than the 'transition' paradigm. However, they view the institutional configurations they aim to describe as highly stable, and self-reinforcing. They may overstate the stability of these systems or underestimate the degree to which institutions and systems of interest organization and representation can evolve. They also fail to account for the degree of indeterminacy and social contestation that exists over the trajectory of political regimes. On the one hand, formal institutional changes create new opportunities for social actors, who may exploit political opening in different ways or to different extents. On the other hand, the new institutions that govern politics and the structure of social groups at a given time also serve as constraints to change. Yet, it is through their interaction that both institutions and the groups that organize social and economic interests can be reshaped, civil society can "thicken," and democracy can deepen.[62]

In order to trace the effect that even Paraguay's limited democratization had on the practice of clientelism, it is important to single out the main formal institutional changes between the old and new regimes and the incentives they have generated for social actors. As described above, the longevity of authoritarian rule in Paraguay rested on the informal, but highly institutionalized clientelist networks developed by Stroesser and the Colorado party. However, the coherence of this network also rested on a series of formal powers provided to the President by the 1967 constitution, and the way the authoritarian document limited the role of the legislature.

First, Stroessner had the power to declare a "State of Siege" that suspended all constitutional guarantees. This power was bolstered by ambiguous legislation such as the "Law for the Defense of Democracy," that could be used to persecute political dissidents. Second, a number of provisions severely limited the role of congress. The dictator had the power to dissolve Congress without restrictions. Furthermore, all opposition was outlawed from 1954-62 and tightly controlled after 1962, by which point any genuine

[59] (Putnam et al. 1993).
[60](Levitsky and Way 2002; Diamond 2002; Carothers 2002).
[61](Carothers 2002).
[62](Fox 1996).

source of opposition had been exiled. The 1967 constitution also granted a two-thirds majority to the party winning a simple electoral majority. This provision, combined with the fact that the Colorado party controlled patronage resources and Stroessner supervised the party's nominations, ensured that congress served only to rubber stamp the dictator's legislative initiatives. To the extent that the body operated at all, it approve without debate his appointment of officials to posts in the public bureaucracy, including the police, armed forces, and public enterprise. Finally, Stroessner had the power to intervene in local government, by directly appointing municipal mayors and town council members. Even private associations required public recognition that was easily withheld when the composition of their executive committees proved threatening or inconvenient to Colorado party figures.[63] Molinas et al. describe the system as a dictatorship in both a literal and technical sense: one with a "a player whose acquiescence is both necessary and sufficient to alter the policy status quo."[64]

Despite all the continuities that characterized regime change in Paraguay, and the very weak position occupied by the opposition in the 1991 elections for the constitutional convention, the constituent assembly managed to replace the 1967 constitution with a much more democratic document. The new constitution establishes a relatively weak executive, with the president and vice-president elected by plurality (no run off) for five-year terms with no re-election. The president has no power of decree, but instead can introduce 'urgent bills' and enforce them unilaterally if congress has failed to act upon them within 60 days. He or she may only propose three such bills a year, and congress can override their 'urgency' with a two-thirds majority. Congress, conversely, gained substantial policy-making power. It consists of a Senate, elected by proportional representation in a single national district and a Chamber of Deputies, also elected proportionally in relatively small districts (average district magnitude 4.4).

Elections operate on a closed-list system, in which party members select a slate of candidates in mandatory primary elections. The constitution also established the basis for decentralization, instituting direct elections for municipal councils and mayors and the newly created post of departmental governor. The local and regional governments gained authority to collect revenue and over certain kinds of policy-making. Finally, democratization marked much greater respect for civil rights, as groups gained the right to freely form and meet, opposition parties were recognized, and media censorship, intimidation, and repression.

Regime Drift: From Monopolistic to Pluralistic Clientelism, 1992-2008

This section will argue that, despite the strong informal continuities implied by elite-driven regime change, the new formal institutional environment has driven a gradual shift

[63] (Lewis 1980, 110).
[64](Molinas et al. 2004).

in how clientelism works and the outcomes it creates. Rather than eradicating clientelism, the adoption of a democratic constitution has driven its gradual evolution and 'pluralization.'

The Party System

Despite their negative effects on party discipline, mandated primary elections have driven increasing competitiveness in Paraguayan clientelism, as they have made unifying the factions of Colorado party through the distribution of clientelist goods increasingly difficult. The removal of the dictator as supervisor and ultimate arbiter of party nomination has first generated incentives for a more zero-sum type of competition among factions for control of the party. Because the Colorado Party maintained an electoral monopoly for the decades following democratization, the faction that controlled it would have at its disposal all the state's resources, provided it could mobilize sufficient support form the party base. This fact, in turn, has created incentives for fragmentation among party leaders that have access to different types of resources with which to mobilize voters.

Turner lists three factions within the Colorado Party that are struggling for control of the party apparatus and creating a centrifugal dynamic.[65] First, the 'traditionalists' who inherited the regime from General Andres Rodrigues after the coup. As a group, their main resource is the party itself and the political connections they command, and their main interest is the continuation of Colorado political dominance within the framework of limited democracy. Second, the "fraudulent bourgeoisie" described above, who now command substantial economic resources that rely less directly on government largess than previously and whose investments traverse the border of the formal and informal economies. They have sought to forge a coalition between industrial and commercial agricultural interests to prolong their economic privilege. Third, the authoritarian wing of the party that formed around ex-General Lino Oviedo boasts resources tied more closely to the loyalty of the armed forces and of rural voters and to informal or illicit economic activities. Oviedo's repeated coup attempts have expressed the group's desire to turn back the clock and dispense with democratic procedures.

All three of these groups have alternated power since 1989 within an increasingly unstable Colorado Party, attempting to balance the incentives toward fragmentation provided by primary elections with those toward the cooperation needed in order to prevent the electoral defeat of the Colorado Party by the opposition. Transforming the polarized factions of that arise from the primary election cycle into a unified block for the general election became increasingly costly in terms of the patronage that the party must provide dissident members. By holding out support for the Colorado nominee, dissidents have bid up the cost of party unity. In 2003, the authoritarian-Oviedista faction split off entirely, forming a separate party, the Union of Ethical Citizens (UNACE) and greatly

[65] (Turner 2004).

reducing the Colorado Party's electoral base. When the end of one party rule finally came in 2008, it was after a descendent of the party's traditionalist faction, Blanca Ovelar, won the party presidential primary and defeated Luis Castiglioni, a representative of the party's more business-oriented Vanguardia Colorada faction. When Castiglioni withheld support from Avelar, denying her his supporters and freeing them to vote as they wished, the Colorado's were unable to defeat the opposition coalition that had backed Fernando Lugo and was held together simply by their interest in ousting the Colorado's.

Thus, the factionalism generated by the end of the Stroessner regime was reinforced by mandatory primary elections and widened by competition for control of the party. In a partial yet important way, purely personalistic divisions have begun to harden and give way to divisions based on diverging interests about the state's involvement in economic development. The process is slow and ambiguous, with factionalism often taking its traditional outward appearance of personalistic infighting over public resources. However, as party leaders' resources and power bases diverge, so does the manner in which they would most rationally use public resources for personal benefit.

None of these factions necessarily amount to the seeds of a modern programmatic party capable of organizing and representing a set of coherent business, labor, or rural interests. Each of these factions continues to engage in clientelist exchanges in order to bind its leaders and followers. However, the competition among these factions, and the fluid, short-lived, and often incoherent alliances among these factions indicate much increased pluralism in the functioning of clientelism. The fragmentation of authority within the Colorado Party has introduced much greater uncertainty about the direction that state-economy relations might take in response to political processes. However, this process of interest fragmentation and realignment may ultimately prove to provide the path toward more coherent structures of interest organization and articulation in a new democracy like Paraguay's.

The development of pluralist interest representation is limited by the current weakness of opposition parties. Without access to state resources for clientelism and patronage, opposition parties retain a weak base of electoral support. Despite the victory of the opposition coalition in the 2008 presidential elections, UNACE and the Colorado Party retained a majority control in the chamber of deputies, with a combined 47 out of 80 seats and the liberal party having the largest minority share with 21 seats, and non-traditional parties on the right and left occupying 10 seats and 2 seats respectively. The Senate seats show the same distribution, with a bare majority going to a combination of UNACE and the Colorado Party (23 out of 45 seats), the Liberal party holding the largest minority (12 seats), and non-traditional parties holding a sum of 10 seats (Table 2).

Table 2. Results of 2008 Paraguayan Congressional Elections

	Chamber of Deputies		*Senate*	
Party	Votes (%)	Seats	Votes (%)	Seats
Partido Colorado	13.1	30	27.7	15
Partido Liberal Radical Auténtico (PLRA)	26.7	27	27.1	14
Partido Union Nacional de Ciudadanos Éticos (UNACE)	17.7	15	18.0	9
Partido Patria Querida	5.5	3	8.1	4
Left-Wing Parties	8.5	2	10.0	3
Other Parties	5.0	3	3.3	0
Blank Votes	3.3		3.9	
Invalid Votes	2.2		2.4	
Totals	100.0	80	100.0	45

Adapted from Nickson (2009b).

The fact that UNACE has not formed a solid electoral coalition with the Colorado party demonstrates, on the one hand, the lack of ideological and programmatic coherence of Paraguay's political parties. On the other hand, it also reveals the particular brand of clientelistic pluralism that characterizes contemporary Paraguayan politics. The clientelistic exchange of resources and political posts has generated a series of unstable coalitions of unlikely bed fellows, such as the coalition among the opposition center-right *Patria Querida* and Colorado Parties, along with the pro-government left-wing parties. This coalition granted *Patria Querida* control of the senate from June 2009-10, while at the same time, legislators in the lower house maintained a separate alliance between the ostensibly pro-government liberal party and opposition UNACE. In June 2010, a new Liberal-Colorado coalition granted the presidency of both chambers to the Colorado opposition.

Even with the minimal role of non-traditional opposition parties and still prevalent clientelist bargaining, electoral alternation may create incentives for improved distributional outcomes. Alternation between the traditional parties may drive increasing competition for patronage resources, bidding up the price of electoral support, reducing the rents enjoyed by politicians, and increasing the distribution of resources to voters. To the extent that civil society groups and political organizations strengthen their capacity to articulate collective demands, the increasingly competitive dynamic may also eventually shift the composition of goods and services produced by the public sector away from its historic focus on private divisible goods toward the public and collective ones that better justify government investment.

Civil Society

The growth of pressure politics represents a major change in state-society relations, as groups within Paraguay have responded to the increased scope of civil and political rights. Relative to the authoritarian period, social groups have gained greater capacity to mobilize protest independently from the Colorado Party and place pressure on the state. This has been most evident among rural organizations, such as the national Campesino organizations and the different organizations that represent soy producers, but also among the organizations of homeless urban residents (*organizaciones de pobladores sin techos).* To the extent that the institutions of the Paraguayan State and those of the Colorado Party are now distinguishable, public-sector unions among education and health workers represent new sources of autonomous pressure on the state.

Campesino Organizations

Since democratization, Campesino organizations make up the country's largest organized social group and one capable of mobilizing large numbers of supporters at key moments in order to extract benefits and exert pressure on the state. The intervention of organized campesino groups has been decisive in at least two major political junctures since democratization. The first of these junctures occurred in 1999, in what is called the Paraguayan March Massacre. Regular peasant protests were scheduled for March of that year, when the assassination of Vice-President Luis Argaña triggered a political crisis. In exchange for the forgiveness of public-sector loans made to their members, national campesinos organizations joined student-led opposition to a coup attempt by General Lino Oviedo. Campesino leaders (along with student groups) were able to mobilize large enough numbers to defend constitutional government. The nature of this exchange was plainly clientelistic: political support for the incumbent government in exchange for debt forgiveness. Furthermore, leader's secured material benefits for their followers by betraying the political preferences of their bases, among which were many Oviedo supporters. The episode clearly illustrates the ambiguity between group and personalistic politics that I have characterized as pluralistic clientelism.

A second intervention occurred in 2002, when peasant groups unified again in order lead the *Congreso Democrático del Pueblo,* an alliance with leftist political parties and labor unions in opposition to the government's IMF-imposed privatization program, perceived as a highly corrupt and non-transparent process. In June, thousands of peasants marched to Asunción taking advantage of a moment of extreme weakness in the government. With an opposition-led congress initiating impeachment proceedings against the President, the general elections a year away, and Gen. Oviedo mounting support for another potential coup attempt from abroad, Colorado legislators negotiated the repeal of the privatization program with union and peasant leaders in exchange for the dismantling of the protest movement. The Senate approved by 32-7 a new bill, suspending the sale of the water and

electricity utilities and the railroads. There is little question that transparency was lacking in past and planned projects for the privatization of public enterprise in Paraguay. Furthermore, Campesino organizations' successful stalling of the process has preserved the possibility of more genuine and effective reform of public service provision. On the other hand, by preventing privatization, campesinos organizations also lent their support to the rent-seeking elements of the state whose interests lie in the permanent derailing of public-sector reform in Paraguay.

That the collective mobilization and intervention of campesino groups at key moments has played a decisive role in Paraguayan politics clearly marks a change from the atomizing state-society relations of the authoritarian regime. Moreover, the fact that campesino leader's are willing to make and break alliances with each other, with different political parties, and with different interests within the state aparatus in pursuit of their organizational interests again demonstrates the gradual evolution of a pluralistic brand of clientelism.

It is often said that the divisions among campesino organizations have more to do with personal rivalries and competition for mass support and resources among its leaders than ideological and programmatic differences. However, it is also true that more substantive divisions coincide with and reinforce personal rivalries. Regional differences in political conditions and land-tenure structure encourage the use of different tactics by campesino leaders. These differences are compounded by the different base structures possessed by campesino organizations. For example, in the northern departments of San Pedro and Concepción, membership is concentrated and organized at the local level, and land-tenure conditions are highly irregular or insecure as a result of overlapping claims produced by the process of land distribution. As a result, organizations in these department support a tactic of spontaneous land occupation and have sought to remain administratively distinct from the national movements. In contrast, the national organizations, such as the Federacón Nacional Campesina whose membership base is larger but scattered through the country, are better able to extract benefits through mobilization against the central government. For this group, spontaneous occupation of land at the local level can be counterproductive if it interferes with national-level negotiations. Further evidence of a shift from purely clientelistic to more pluralistic interest organization in the campesino sector is the formation of a group such as the Cordinación Nacional de Mujeres Rurales e Indígenas (CONAMURI), which organizes rural women around gender as well as economic issues. It formed after the perceived marginalization of these interests within the mainstream campesino movements.

Since democratization, in addition to its increasing autonomy from the Colorado party and the state, the campesino sector has been characterized by an alternating dynamic of cooperation and fragmentation on the basis of these and other diverging interests. However, elements of strong continuity remain from the clientelist structures that linked rural interests to the state in the Authoritarian period. First, while peasant organizations

are nominally autonomous of the traditional parties, at the base level their members remain tied to traditional parties through typical clientelist arrangements (e.g. vote-buying). Their inability to mobilize voters autonomously of the traditional parties gives campesino organizations little political leverage beyond social mobilization at moments of regime weakness. Attempts to establish non-traditional parties that articulate campesino interests have gained momentum in the current government, but remain in their infancy.

Second, the political relations internal to campesino organizations retain a clientelist pattern, as does the basis for authority and claims making within this sector. Campesino politics is still largely about the distribution of divisible benefits, rather than the articulation of policy demands. This appears to be a largely demand-driven behavior, as the poverty and the urgent material needs of peasant bases, especially landless peasants, condition the strategies that campesino leaders can employ to mobilize mass support. With the closing of the agricultural frontier and increasing scarcity of public resources, peasant organizations have intensified their demands for the dwindling supply of divisible goods in terms of land and subsidies. There is no effective political constituency organized around demands for crop diversification, market expansion, infrastructure, crop improvement, and research and extension. While these demands are regularly expressed as a desire for "integrated agrarian reform" in the speeches, demonstrations, and press material produced by peasant organizations and their leadership, demands for land continue to hold the greatest salience among these organizations' membership. As a result, campesinos organizations have on the whole been most successful in obtaining one-shot, targeted benefits like land distribution and debt forgiveness.

Finally, despite the much larger scope of civil and political rights since democratization, campesino organizations still meet with violent repression at the hands of their adversaries, through arrest, intimidation, beatings, and assassination of their leaders, and destruction of their settlements and crops on contested land. This violence often has the explicit backing of the local police and legal representatives of the state, and the implicit backing of parts of the government.[66] The adversaries of campesinos organizations are largely concentrated in the soy-farming sector, and represent Paraguay's only other social force capable of mobilizing disruptive political action.

Agribusiness Organizations

The growth of agribusiness organizations represents a second instance of increased social and economic autonomy from the Colorado party and the state. The variety of organizations that represent the rapidly expanding agribusiness interests no longer depend

[66] See Hetherington (Forthcoming) and "Canadian Anthropologist Witnesses GMO-related Shootings in Paraguay" *The ACTivist Magazine*, July 24, 2005, http://www.activistmagazine.com/index.php?option=content&task=view&id=392&Itemid=56, 8/06/10.

exclusively on the Colorado party for resources and are free to criticize and pressure the government.

The sector possesses a peak organization, the *Union de Gremios de la Producción*, which groups together the country's landowner and ranchers' association, the *Asocación Rural Paraguaya*, with the largest soy farmers organization's, including the Chamber of Grain and Oilseed Exporters (CAPECO) and the Paraguayan Agarian Coordinator (CAP), as well as the National Federation of Production Cooperatives (FECOPROD) and other other agribusiness associations. The sector is increasingly politically active, pressing its sectoral interests through a combination of pressure politics and traditional individual political influence.

CAP in particular has shown its ability to pressure government for favorable policies at different junctures through "tractorazos," or large disruptive demonstrations that mobilize thousands of farmers to block roads with tractors and farm equipment. The first tractorazo was organized in 2003 in a successful attempt to block the imposition of a value-added tax on unprocessed agricultural products. In December 2008, the organization staged a second tractorazo, to protest "insecurity and land invasion," demanding government protect their interests vis-à-vis the increasingly vocal demands for land reform arising from the campesino sector. In March 2009, after a prolonged drought gave way to a disastrous soybean harvest, the group threatened a new tractorazo, demanding that government finance the rollover of the debts farmers incurred in planting that year's crop. The threat was lifted after a financing agreement was struck with the government.[67] Finally, the group's opposition to a presidential decree establishing more formal and centralized regulation of pesticide that had been proposed by the Ministry of the Environment (SEAM) with support from environmental NGOs and of peasant organizations, provoked the threat of another tractorazo in August 2009. The threat was again lifted after the president rescinded the decree.

The power of these groups is reflected in the substantial political benefits they extract from the public sector to the benefit of soy production and export. These include an extremely favorable tax regime, which taxed exports at an effective rate of 1% when Argentina was applying a 15% export tax and exempts soy production from value-added tax—in addition to a fuel subsidy to the sector estimated at $54 million in 2004.[68]

International Actors

[67] See Abc Color, "Se deroga decreto y levantan el tractorazo" *ABC Digital*, July 28, 2009, http://www.abc.com.py/nota/8001-se-deroga-decreto-y-levantan-tractorazo/ and ABC Color "Se suspende el tractorazo" *ABC Digital*, July 28, 2009http://www.abc.com.py/nota/7874-se-suspende-tractorazo/

[68](Berry 2010).

The growth of pressure politics as a form of interest articulation is augmented by the capacity of domestic actors, especially in the rural sector, to draw on international support that has become available as a the Paraguayan economy and society integrates more closely with Brazil and the rest of the world.

On the one hand, the inflow of multinational investment in the agribusiness sector provides economic resources at an unprecedented scale in Paraguay's rural political economy. As part of its soy boom, Paraguay has received foreign investment for the import and sale of agricultural inputs and machinery, as well as in financial, transportation, and storage infrastructure for the production and export of soy. The fact that this investment is overwhelmingly tied to a single commodity has generated an interest group with greater economic and political coherence than has ever previously existed in the country.

Moreover, this group arose more from the externalities (both positive and negative) of Brazil's investments in agricultural modernization than from the policies of the Paraguayan state. Migration among Brazilian farmers who were priced out of Brazil's soy boom and sought cheaper land in Paraguay has played a large role in the rapid growth of the Paraguayan soy industry, as has Brazilian direct investment. As a result, the Colorado party no longer maintains strong, exclusive ties to the country's most important economic sector as it becomes increasingly organized and politically mobilized.

On the other hand, the increasing presence of international civil society has in some ways begun to serve as a counterbalance to the growing power of multinational agribusiness. International NGOs and Donor Organizations introduce into the Paraguayan political system a new set of external interests, such as those of concerned with environmental conservation, sustainable development, poverty alleviation and food security. The alliances made by international organizations to further these interests with local professionals and NGOs, and the interaction of international actors with larger social organizations such as campesino and small-farmer organizations, provide new potential points of coherence for political action, while also increasing the heterogeneity of actors present in Paraguay.

Examples include a series of active donor-funded development projects that bring Paraguayan and international NGOs together with various types of smallholder and campesino organizations. These projects sometimes the public-sector extension agency and aim to provide training in sustainable agricultural methods to impoverished small farmers. A different example is the Round Table on Responsible soy, a regional multi-stakeholder initiative with the participation of the World Wildlife Federation. It brings together agribusiness companies and soy farmers to establish and enforce a code of conduct for environmentally and socially responsible soy production. While the merits, prospects, and effectiveness of initiatives like these are hotly contested by different actors in Paraguay, their existence illustrates the increasing complexity of political relations in

Paraguay, as it integrates with the global economy and global civil society.

Business Groups

In terms of its capacity to mobilize collective political pressure and articulate collective political demands, the business sector has shown the greatest continuity since democratization. Business influence on government continues to rely to a very large extent on the individual connections and influence that business owners have with the occupants of public office and especially with in the Ministry of Industry and Commerce. As a result the decisions over public policies and the distribution of public resources directed toward industrial and commercial development are often taken at a very high administrative level, often by the minister himself, and targeted at a very low level of aggregation, often at the individual enterprise. For example, many products that lack any strategic importance for the Paraguayan economy or its industrial development are among the list of 500 products the government requested receive exceptions to the Mercosur's common external tariff and enter the country duty-free. Three such exceptions were requested for the benefit of a single company engaged in re-exports, and as a result, a specific skin lotion and the jars and lids used to package it for re-export were granted duty-free status.

As a result of this highly personalized mode of interest articulation, the policies pursued by the Ministry in response to business interest have a tendency toward instability, incoherence and contradiction. Moreover, they are not adequate to incentivize a broader process of industrialization. The Ministry of Industry and Commerce houses a number of programs to support industrial development. Most prominent among these is the Import and Export Network (REDIEX), which comprises a series of industry-specific forums aimed at bringing private and public actors together to increase the export competitiveness of enterprises in the biofuels, textile and apparel, meat and leather, and tourism industries, among other selected industries. The program boasts certain success stories. However, the unevenness of its successes reflects the lack of capacity for strategic planning in the public sector and the weakness of collective demand making in the private sector. The Paraguayan apparel industry organization, AICP, one of the country's most organized industrial sectors, recently withdrew from the REDIEX's textile and apparel round table, citing the body's administrative incompetence and lack of responsiveness as its primary motivation. At the same time, the chamber's primary demand was for increased customs protection in the internal market from imports of cheap clothing from Asian countries, rather than for investments that could increase the industry's export competitiveness.[69] A number of other public-sector projects are aimed at industrial development. On the whole, they fail to play the function of planning and industrial development ministries in countries like Taiwan and Korea, which brought together public and private actors in ways that identified market failures and investment opportunities and provided key public goods for industrial growth. The lack of civil

[69] "Retiro de la AICP de Rediex," http://www.aicp.org.py/noticias.asp?codigo=83, 8/06/10.

service reform provides one key explanation for the difficulties encountered by these programs.

The Public Bureaucracy

The public-sector bureaucracy has provided a second locus of substantial continuity over the last 20 years of democracy in Paraguay. The urban middle-classes that came into being through the expansion of the public sector have proven a highly coherent set of interests that remains overwhelmingly tied to the Colorado Party. Besides campesinos and agribusiness groups, the public sector trade unions are the only social force capable of mounting disruptive collective action, and teachers, health workers, and other public sector employees have regularly taken to the streets to protect their privileged conditions of employment. When civil service reform legislation was introduced in 2000, public-sector trade unions successfully blocked its implementation through over 700 appeals to the Supreme Court. Also controlled by Colorado appointees, the Supreme Court ruled the law unconstitutional and suspended its implementation.[70] In this context, "post-holders continue to see public sector employment more as an income-producing prize rather than as a job with important obligations attached."[71]

External shocks rather than internal evolution have provided the greatest forces of change regarding the public sector. First, macro-economic and fiscal crisis led the country to the brink of default to its international creditors in 2003. Colorado President Nicanor Duarte Frutos responded by naming as finance minister macroeconomist Dionisio Borda, who held no partisan ties and had been an active and outspoken critic of the Colorado Party and its economic and development policies from his position as head of an economic think tank. Under Frutos's directive to clean house, Borda and his team of assistants took control of the Ministry of Finance, marking the first substantial foothold gained by technocratic interests in the Paraguayan state. With the subsequent return of fiscal balance to the public sector, Borda's technical imperatives clashed with priorities of renewed Colorado patronage, and he stepped down as finance minister.

However, a second, more important opportunity to reestablish and expand technocratic influence on the public sector came with the Colorado's loss of executive power and the assumption of President Lugo in 2008. The composition of the president's ministerial appoitments reflects the incoherence of the electoral coalition that brought Lugo to power. Doling out Ministerial and Vice-ministerial posts to the different members of the coalition, Lugo fulfilled expectation that electoral support would be rewarded with access to patronage resources. Liberal party leaders got the bulk of appointments, but left-wing parties received control over key social ministries, and Borda and his team returned to the Ministry of Finance and placed key allies in the Ministry of Industry and Commerce, the Ministry of Agriculture and Ranching, and other state agencies.

[70] (Nickson 2009a).
[71] (Nickson 2009a, 210).

The incoherence of both legislative and executive power in the current government clearly minimize the chances of rapid and far-reaching reform. The interests of many Liberal-Party appointees clearly lie more in redirecting the flow of patronage to their political clients than altering the practice of clientelism. The same may be true of left-wing parties that seek to consolidate new electoral bases. However, it is also the incoherence of the coalition that has produced, for the first time, space within the public sector for the development of autonomous buereaucratic and technical interests and for the representation of properly left-wing interests.

The result has been in part an emptying of the NGO sector, as the activists and professionals who had come to comprise a permanent and non-partisan opposition suddenly and unexpectedly found themselves with opportunity to occupy public authority. These groups represent a new wedge inserted into the Paraguayan State as a result of the 2008 elections. They, like any other faction vying for power within the state, must compete for resources, influence, and posts according to the same clientelistic rules that govern the distribution of public resources. However, their presence in the game indicates that it is a much more pluralistic one than previously.

Conclusions: Pluralistic Clientelism and the Slow Transformation of the Possibilities for Economic Development

Clearly, the effect of democratization has not been strongly discontinuous in Paraguay, as the Colorado Party held together its factions and retained power for nearly two decades after democratization. However, with each election cycle, its leaders had to work harder to do so, as the internal cleavages and diverging interests within the party solidified. The system of patronage and clientelism that had been so efficient in suppressing forces of fragmentation among elites and exacerbating them among the rest of society during the authoritarian period has become less able to maintain this balance as ambitious elites seek to gain the majority control over a shrinking base of support. The need to buy the loyalty of competing elites with state resources and high-level appointments put increasing pressure on Colorado State and raised greater and greater opposition from new groups to the system's escalating costs in terms of poor service delivery, corruption, and incoherent policy. Eventually, a usually divided Colorado party faced an unusually united opposition, and lost control of the state.

How does this differ from earlier expectations about the consolidation of democracy and more current views of limited regime change? The transformation of monopolistic clientelism to a more pluralistic form of interest representation occurred through a much more contested and contingent process than presumed by the transition paradigm. The outcomes observed in Paraguay do not depend exclusively on the formal institutional changes of democratization or on the stability of informal political institutions, such as clientelism. They also stem from the strategies chosen by different groups to take

advantage of the new institutional structure provided by democratization in their attempts to decrease or increase the level of political competition and change the stakes of political contest.

The result has been a shift in the balance between clientelism and pluralism that does not imply an inevitable convergence toward a new stable equilibrium, the eventual establishment of 'genuine' group-based politics, or the ultimate transformation of the party structure. Instead, group-based and personalistic modes of politics may continue to coexist in tension with each other, competing to define the way that interests are articulated into the political system, as actors use collective and personalistic strategies to gain access to public power and use their control of the state to tip the rules of the game in their favor.

While the relationship of social groups to the state remains mediated by clientelistic exchanges, the state itself has gradually become a more contested arena, and the consequences of that contest have slowly taken on greater significance for the direction of Paraguayan development. As individual issues like agrarian reform, tax reform, and conditional cash transfers programs become objects of political debate, the direction of Paraguayan development has indirectly become increasingly subject to the competition among different social groups. While this does not mean an end to clientelism, it does mean that the types of outcomes and public investments it generates are no longer as predictable.

In the short run, clientelism certainly continues to impede necessary reforms and pubic-goods investments necessary for development, mostly due to the lasting effects of patronage on the performance of the public sector and the interests of the group that occupies the civil service. The country has much to gain from public sector reform geared at raising the level of public service, generating coherent development policy, and using scarce budget resources most effectively and efficiently. Establishing a corps of dedicated and talented public servants is one of Paraguay's most urgent needs and is complicated by the practice of patronage.

On the other hand, there is reason to believe that demands for clientelistic distribution of public resources can work toward, rather than against development in other cases. Because of their small electoral bases on the one hand, and the vast scale of pent-up social demands on the other, left-wing parties face particularly large incentives for the clientelistic use of public resources. Adherence to technical eligibility criteria is important to ensure a program reaches its intended beneficiaries, and excessive politicization of distribution can limit the benefits of public investments. However, it is important to bear in mind that many of the functions government plays in the process of economic development and many of the investments that are necessary for improved growth and efficiency are perfectly compatible with clientelism. The distribution of schools, the construction of hospitals, the distribution of social welfare subsidies, and the

provision of agricultural extension services all generate positive social and economic returns, and for that reason are regarded as good public investments. Moreover, such investments are also divisible and targetable to the specific constituencies that will value them the most. Finally, voters who receive such community investments are likely to reward the governments that provide them with their votes, closing the loop of electoral incentives.

In a time when previously excluded parties have gained access to the Paraguayan state for the for the first time in history, it is rational for them to channel benefits to their current and potential supporters in order to improve their electoral standing. It is also natural that a group of voters previously excluded or at the margins of the government's distributive networks would reward a new political entrant's patronage with political and electoral loyalty. This can be labeled clientelism, but the increasing competition for political power, and the increased and more pluralistic representation of interests that result from this dynamic sound highly compatible, if not synonymous, with democratization.

Social welfare policies provide the clearest example. Current efforts to expand the size of Paraguay's modest conditional cash transfer programs have been labeled clientelist. Conceivably access to the program could be denied to the political opponents of the Minister of Social Action, who is linked to the leftist Tekojoja movement and presides over the program. However, the base of the left in Paraguay is so narrow that restricting access would prove a poor electoral strategy. The left would be better off spreading it as widely as possible to try to attract new supporters, or at least targeting it toward the least loyal of the traditional political parties' followers.

Even the effects of patronage on the public bureaucracy can be overstated. In a democracy, the executive ministries must retain some level of popular accountability. While theoretically democracy should hold them accountable to the "general interest," no group exists in practice that represents the "general interest." Instead, electoral institutions, such as those now in place in Paraguay, are intended to approximate the general interests through an electoral process that grants temporary authority to the combination of *particular interests* that receives a majority share of votes. In such a system, accountability is inevitably political and unavoidably particular to a certain degree. The alternative is ministries that are not accountable to anyone at all outside the state.

The important questions to ask about particularistic accountability are "to whom," and "for what" are government and its bureaucracies accountable: to which group of voters, or which interest groups? If not voters or interest groups, than to which group of professionals (e.g. economists or NGO-development professionals) or which external groups (e.g. international organizations or donor organizations)? This is a crucial question for research in Paraguay and elsewhere. Democratization has greatly increased competition for control of the institutions of the state. Future research must seek to reveal

in much closer detail than past work 1) to what set of interests, internal and external to the bureaucracy, is policy making held accountable, and 2) what effect does this type of accountability have on the formation and implementation of development policies?

The preceding discussion of clientelism in Paraguay has not provided any clear answers to these questions. However, it has shown how democratization has increased competition for clientelistic use of public resources and argued that this increased competition represents a shift toward a more pluralist form of interest representation. The pattern of state-society relations in Paraguay may fall short of our highest democratic ideals, and the current government's tenuous and contested grasp on state power certainly complicates decisive reform. However, the current state of affairs certainly represents a step toward greater accountability when compared to the monopolistic clientelism of Paraguay's authoritarian past.

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