THE QUALITY OF DEMOCRACY IN
SMALL SOUTH AMERICAN COUNTRIES:
THE CASE OF PARAGUAY*

Diego Abente Brun


Diego Abente Brun holds a PhD in political science from the University of New Mexico and has been associate professor of political science at Miami University of Ohio (1984–1993). He has published widely in journals such as Comparative Politics, Latin American Research Review, and Journal of Latin American Politics, among others, and edited and coedited three books. He resigned his academic position to return to Paraguay where he was a senator for ten years; ambassador to the Organization of American States; and minister of justice and labor. After leaving the political arena in 2003, he returned to his academic career and became an adviser on public policy matters. He spent the fall of 2006 as a visiting fellow at the Kellogg Institute and the spring of 2007 as a Reagan-Fascell Democracy Fellow at the National Endowment for Democracy, where he is currently a fellow in the International Forum for Democratic Studies.

*I would like first of all to thank the Kellogg Institute for providing me with a unique opportunity to catch up with the vast literature not available in Paraguay and write this paper in a most congenial setting. I would also like to thanks colleagues and graduate students for the comments and criticisms that helped me improve the text, especially Daniel Brinks, Luis Cosenza, Nicanor Dominguez, Robert Fishman, Ezequiel González Ocantes, Juliette Hooker, Scott Mainwaring, and Guillermo O’Donnell. The revision of the original version was completed as a fellow at the National Endowment for Democracy, an equally stimulating setting, and the help of my research assistant, Ryan White, was invaluable.
ABSTRACT

This paper addresses the issue of the low quality of democracy in Paraguay. It defines the quality of democracy in terms of regime performance rather than regime nature, i.e. not in terms of how intense or weak its democratic characteristic are, but rather in terms of how legitimate, effective, and efficacious the regime is. The theoretical argument rests on the need to shift from the prevailing agency-paradigm to a structural paradigm. Thus, it focuses on the socio-economic matrix of an invertebrate society lacking vigorous collective actors as the cause of the persistence of widely clientelistic parties. In turn, it sees the hegemony of these parties as the cause of the prevalence of an extreme particularistic, pork-barrel, and volatile pattern of public policy which has produced since the beginning of the transition twenty years of stagnation, high levels of poverty and profound popular disenchantment. It ends with a brief examination of the emergence of Fernando Lugo as a chiliastic upsurge that could tatter the clientelistic structure and describes the current moment as kairotic.

RESUMEN

Este trabajo estudia el problema de la baja calidad de la democracia en Paraguay. Define calidad de la democracia en términos de performance y no de la naturaleza del régimen político, i.e. no en términos de que tan democrático es el régimen, sino en términos de su legitimidad, efectividad y eficacia. El argumento teórico se basa en la necesidad de reemplazar el predominante paradigma de agencia por un paradigma estructural. Se centra por tanto en la matriz socio-económica de una sociedad invertebrada carente de actores colectivos vigorosos como la causa de la persistencia de grandes partidos clientelistas. Considera, a su vez, que la hegemonía de estos partidos es la causa principal de la prevalencia de patrones de políticas públicas en extremo particularistas, pork-barrel, y volátiles que han producido, desde el comienzo de la transición, 20 años de estancamiento, elevados niveles de pobreza, y profundo desencanto popular. Examina final pero brevemente la emergencia de Fernando Lugo como una explosión chiliástica susceptible de derrumbar el sistema clientelista y describe la coyuntura actual como cairótica.
INTRODUCTION

Much of the extant literature on democracy has focused heavily on the study of what causes democracy to emerge or break down and on how well democratic regimes perform as compared to authoritarian regimes. Yet new issues demand urgent attention. As the third wave of democracy ends, evaluations of the performance of democracies in Latin America leave much to be desired. This is particularly true for Paraguay and most of the small countries of South America, those that in the 1973 O’Donnell classification fell into the category of countries with low levels of economic and social development, and that are generally considered today low-quality democracies. Thus, there is an obvious theoretical and practical need to analyze the issue of the quality of democracy.

This paper seeks to address that issue. The paper begins with a review of the literature that puts the issue in context. Next, it explores the question of the quality of democracy. The section that follows examines the quality of democracy in Paraguay. The paper then moves to explore three causal links: structural, institutional, and socio-cultural. A conclusion wraps up the discussion.

THE EVOLUTION OF DEMOCRACY AS A SUBJECT OF THEORETICAL INQUIRY

In 1973 Guillermo O’Donnell published Modernization and Bureaucratic-Authoritarianism, a book that sparked a most lively debate about Latin American politics and outlined the most comprehensive and influential theory of Latin American political development to the present. Three of the most important insights of this book are of particular relevance for this discussion. One is that the level of economic and social development, the model and phases of industrialization, and the interaction between classes, parties, the state, and technocratic roles, create conditions more or less favorable for the emergence of democratic or authoritarian regimes.
A second is that given Latin American societies’ highly heterogeneous structure, sharing “modern and traditional” sectors whose size varies from country to country, these societies were incomprehensible if univocal concepts or only statistics emphasizing population concentration or centralization were used for analysis.

Finally, and although not explicitly claimed by the author as such, a third insight was the usefulness of a methodological instrument of great heuristic value, the concept of “elective affinities” that although popularized by Goethe’s famous novel, has indeed a much longer and venerable pedigree in chemistry (Bergman, 1775).

O’Donnell wove a sophisticated argument that led to the conclusion that countries at low and high levels of economic developments were, for quite different reasons, less likely to be democratic, as opposed to countries falling into the medium level of development.

Part and parcel of this analytical approach as well were later works, such the contribution of Göran Therborn (1979) and especially the fine work of Dietrich Rueschemayer, Evelyne Huber Stephens, and John D. Stephens (1992), which interpreted the phenomena in terms of the interplay of factors such as the economic power base of elites, the strength of civil society, the balance of power between classes, and the political articulation of social interests.

In parallel, the literature stressing the paramount importance of levels of development for the existence of democratic regimes sparked by Lipset’s classic study (1959) also found many and sophisticated followers. Perhaps the most important recent study in this tradition was conducted by Adam Przeworski, Michael E. Alvarez, José A. Cheibub, and Fernando Limongi for the 1950–90 period, finding that “the level of economic development, as measured by per capita income, is by far the best predictor of political regimes” (2000: 78).

Other exercises in a generally similar vein but with a stronger inductive bent include the volume edited by Larry Diamond, Jonathan Hartlyn, Juan J. Linz, and
Seymour Martin Lipset (1999)—which examines a large number of variables, including structural, institutional, and cultural ones—and a more recent analysis of Latin America’s third wave of democratization (Hagopian and Mainwaring, 2005).

Yet less than a decade after the debate that accompanied the publication of O’Donnell’s book, and with the exceptions mentioned above, the new body of literature on re-democratization has shifted from the “structural” paradigm that prevailed in the 1970s to one that emphasizes the logic of political action and strategic interaction, openly appealing to “thoughtful wishing” that can also be called an agency paradigm. Of paramount importance here are the earlier works of Robert Dahl (1971) and Dankwart Rustow (1970), on whose premises much of the new work rests. By putting the emphasis on the relationship between costs of repression and cost of tolerance, in the case of Dahl, or on the distinction between the conditions for the emergence of democracy, “a prolonged and inconclusive political struggle,” and the requirements for its consolidation, in the case of Rustow (1970: 352), these works opened both a theoretical line of analysis and also a window of hope by rendering the political process more amenable to political intervention.

This logic, and the thesis that the conditions for the breakdown of democracies and those for the processes of re-democratization were, according to the work on re-democratization, qualitatively different, opened the doors to far-reaching theoretical and policy implications. Thereafter one could go almost as far as to argue that all countries could become democratic if the right formula was applied: Haiti as well as Uruguay, Argentina as well as Bolivia, Chile as well as Nicaragua, Paraguay as well as Peru, Brazil as well as Ecuador, malgré Lipset, in his way, and the 1973 O’Donnell as well.4

Enthused with this utopia, academics and practitioners alike jumped one way or another into this crusade, convinced that a noble cause had to have good results. Even though pinpointing some slow transformations over time as hopeful hints of a possible shift in structural conditions, I myself shared that belief in the case of Paraguay. Thus,
and contrary to conventional wisdom, I argued in 1988 that democracy after Stroessner was a distinct possibility, and this proved to be the case only a year later (Abente Brun, 1989). In a sense, the spirit, if not the agenda, was similar to that so poignantly pointed out by Raymond Aron in reference to the Russian revolution:

_Quand Lénine et les Bolcheviks, au début du siècle, las d’abandonner à une histoire récalcitrante la tâche d’abattre le capitalisme et de bâtir le socialisme, firent confiance au parti pour se substituer à la dialectique et au prolétariat lui-même, ils trahirent ... et sacrifièrent certains éléments de l’héritage marxiste mais ils en retrouvèrent un élément ... original et vital : la foi dans la capacité des hommes unis de liquider les survivances des siècles écoulés et d’édifier souverainement, à partir des fondements nouveaux, un ordre sociale._ (Aron, 1965: 47)

**ON THE QUALITY OF DEMOCRACY**

A systematic examination of democracy is just emerging. One recent volume is entitled precisely _The Quality of Democracy: Theory and Applications_ (O’Donnell, Vargas Culel and Iazetta, 2004) while another edited by Diamond and Morlino (2005) is called _Assessing the Quality of Democracy._ Studies of the quality of democracy in the European context include two fine analyses, one of Italy (Putnam, 1993) and another of Spain (Fishman, 2004).

As for the analyses focusing on Latin America, O’Donnell takes issue with defining democracy only as regime in the sense of “patterns, formal and informal and explicit or implicit, that determine the channels of access to principal government positions; the characteristics of the actors who are admitted and excluded ... and the resources and strategies that they are allowed to use for gaining access” and underlines the importance of the state and of focusing “on a particular conception of the human being _cum_ citizen as _agent_” (2004b: 15, 9).

On the other hand, Diamond and Morlino develop a list of five procedural and three substantive indicators of the quality of democracy and ask their contributors to apply them to the analysis of five pairs of cases in Eastern and Western Europe, Latin
America, South and Southeast Asia, and Africa. The emphasis is thus on comparing
countries in terms of the quality of their democracies. Other book-length treatments are a
major UNDP project (2004a and 2004b), Mainwaring, Bejarano, and Pizarro Leongómez
(2005), and IADB (2006). It is to this new body of literature that this study seeks to
contribute.

Yet while most of these studies have focused on conceptual craftsmanship
(O’Donnell, 2004b; Diamond and Morlino, 2005) or in comparing the quality of
democracy between pairs of countries (Hagopian, 2005), or in developing indices of
quality (Kaufmann, Kraay and Mastruzzi, 2005a; UNDP, 2004a; Altman and Pérez-
Liñán, 2002), this study will focus on aspects only scantly analyzed: the factors that lead
to low-quality democracy and the conditions under which significant transformation can
occur.7

To address that question one must first clarify what exactly is to be understood
by democratic quality, a still-controversial concept. First of all, let us make it clear
what, for the purpose of this study, quality of democracy is not. Quality of democracy
is not the degree to which the denotation of the concept (its constituent notes being civil
and political freedoms, free, fair, and clean elections, and rule of law) is present in a
given case. This paper makes a distinction between nature of democracy and quality of
democracy. Hence, it does not address the question of gauging how much more or less
democratic a country is, a question that could perhaps be better framed in terms of how
democratic a polyarchy is.

Instead, what interests us is the quality of the democratic system once a country
overcomes whatever threshold is agreed to be the dividing line between democratic
and nondemocratic regimes. This concept of quality must and does differ from the
definition of what democracy is. Most would refer to an undisputed indicator, the
degree of satisfaction and support for the democracy by its own subjects (Hagopian and
Mainwaring, 2005). Others would develop indicators of “governance,” the new term that
has come to replace “good government” (Kaufmann, Kraay and Mastruzzi, 2005a). Some
would articulate complex multidimensional concepts of their own, such as a combination of efficacy in the bureaucratic dimension and effectiveness in guaranteeing the socially and geographically unbiased enforcement of the rule of law (O’Donnell, 2004b). Still others would be more concerned with economic performance (Przeworski, Alvarez, Cheibub, and Limongi, 2000). Finally, a few would highlight the ability or inability of democracy to transform social realities in a more equitable direction (Weyland, 1996; Karl, 2002).

For the purpose of this paper I will focus on three variables which subsume, to a reasonable degree, all of the above-mentioned dimensions, namely:

- Levels of public support for the system (or legitimacy);
- Quality of governance (understood as good government and therefore effectiveness);
- Socioeconomic performance (which implies efficacy).

The first variable is based on the composite index of citizen perceptions of democracy constructed by Frances Hagopian (2005) for the 2000–04 period, and on two additional samples of support for and satisfaction with democracy for the 1995–2005 period. These two measures were included to provide some element of comparison based on a larger time frame so as to detect purely cyclical variations.

The second variable, quality of governance, captures certain basic indicators of good government, independently of the government’s ideological bent. I utilize here the data collected by Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi (2005a) for the World Bank series “Governance Matters.” They include six dimensions: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and corruption control. For the purpose of this analysis, however, I do not discuss the variable voice and accountability, which has to do with the nature rather than the quality of democracy.

As for rule of law, some recent theoretical work, especially that of O’Donnell (2004b), points in the direction of considering rule of law an attribute of the state, not of
the regime. Yet in his view the concept of democracy encompasses both the regime and the state. On the other hand, if “regime” is conceived of as a set of rules and institutions on how political power is accessed, exercised, and transferred, the rule of law must be considered one of its distinguishing characteristics. In fact, if one poses the question of whether we can conceive of a democratic regime without the rule of law, the answer would clearly be no. Ultimately, a distinction can be made between rule of law as a set of formal rules and as it operates in effect, thus underlying the capacity of the state to enforce those rules. Certainly a more complex elaboration is needed to distill the full value of the concept, but that is beyond the scope of this paper. Future work, in my view, should evolve in the direction of fully developing the concept and its implications.

Yet for the purposes of this paper the question is whether rule of law is a defining characteristic of democracy or an indicator of its quality. I submit that it is part of the definition insofar as rules but part of its quality insofar as far as enforcement is concerned. Yet, although some degree of conceptual fuzziness remains and regardless of including it or not in the overall index of governance, the rankings of South American countries remain the same.

The third variable, socioeconomic performance, is captured by four indicators, level of growth of per-capita GDP, unemployment rate, poverty rates, and the poverty gap.

Having clarified if not necessarily all the most important definitional hurdles of the concept of the quality of democracy, the next section will move to an analysis of the case of Paraguay.

**THE QUALITY OF DEMOCRACY IN PARAGUAY**

The available evidence shows that Paraguay ranks at or near the bottom of every scale. As for the indicators of *legitimacy*, Table I shows Paraguay at the bottom, with Bolivia and Ecuador.

In terms of indicators of *governance*, Tables II and III rank Paraguay very low, with only Venezuela ranking lower.
### Table I
POLITICAL INDICES OF SATISFACTION WITH DEMOCRACY

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>OVERALL INDEX</th>
<th>SUPPORT FOR (%)</th>
<th>SATISFACTION WITH (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paraguay</td>
<td>38/34</td>
<td>32</td>
<td>17</td>
</tr>
<tr>
<td>Ecuador</td>
<td>38/34</td>
<td>43</td>
<td>14</td>
</tr>
<tr>
<td>Bolivia</td>
<td>40/39</td>
<td>40</td>
<td>13</td>
</tr>
<tr>
<td>Peru</td>
<td>41/39</td>
<td>49</td>
<td>24</td>
</tr>
<tr>
<td>Colombia</td>
<td>41/41</td>
<td>46</td>
<td>29</td>
</tr>
<tr>
<td>Brasil</td>
<td>47/43</td>
<td>37</td>
<td>22</td>
</tr>
<tr>
<td>Venezuela</td>
<td>53/56</td>
<td>76</td>
<td>56</td>
</tr>
<tr>
<td>Chile</td>
<td>53/56</td>
<td>59</td>
<td>43</td>
</tr>
<tr>
<td>Argentina</td>
<td>59/57</td>
<td>65</td>
<td>34</td>
</tr>
<tr>
<td>Uruguay</td>
<td>66/68</td>
<td>77</td>
<td>63</td>
</tr>
</tbody>
</table>

**Notes:** The first figure in the overall index come from Hagopian (2005: 334). The index is based on an arithmetic average for the 2000–04 period of citizen’s perceptions of: support for democracy, satisfaction with democracy, importance of voting, valid votes, trust in government, and the answer to the question “is democracy the best system?” The second figure is the author’s actualization of the same index, based on the same Latinobarómetro data, but for the 1995–2005 period. The values for valid votes as a percentage of voting population are the ones in Hagopian’s index as those of trust in government because the 1995–2005 data set does not have comparable data.

**Source:** Latinobarómetro (2005).

### Table II
INDICATORS OF GOVERNANCE FOR SOUTH AMERICAN COUNTRIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Average</th>
<th>Political Stability</th>
<th>Government Effectiveness</th>
<th>Regulatory Quality</th>
<th>Rule of Law</th>
<th>Control of Corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venezuela</td>
<td>-0.90</td>
<td>-1.00</td>
<td>-0.92</td>
<td>-0.68</td>
<td>-1.01</td>
<td>-0.91</td>
</tr>
<tr>
<td>Paraguay</td>
<td>-0.86</td>
<td>-0.76</td>
<td>-1.06</td>
<td>-0.44</td>
<td>-0.97</td>
<td>-1.08</td>
</tr>
<tr>
<td>Ecuador</td>
<td>-0.75</td>
<td>-0.89</td>
<td>-0.92</td>
<td>-0.39</td>
<td>-0.68</td>
<td>-0.87</td>
</tr>
<tr>
<td>Colombia</td>
<td>-0.61</td>
<td>-1.87</td>
<td>-0.13</td>
<td>0.11</td>
<td>-0.73</td>
<td>-0.45</td>
</tr>
<tr>
<td>Bolivia</td>
<td>-0.42</td>
<td>-0.50</td>
<td>-0.45</td>
<td>0.20</td>
<td>-0.60</td>
<td>-0.76</td>
</tr>
<tr>
<td>Perú</td>
<td>-0.34</td>
<td>-0.85</td>
<td>-0.32</td>
<td>0.34</td>
<td>-0.59</td>
<td>-0.28</td>
</tr>
<tr>
<td>Argentina</td>
<td>-0.21</td>
<td>-0.14</td>
<td>0.01</td>
<td>-0.13</td>
<td>-0.34</td>
<td>-0.43</td>
</tr>
<tr>
<td>Brazil</td>
<td>-0.08</td>
<td>-0.16</td>
<td>-0.07</td>
<td>0.18</td>
<td>-0.30</td>
<td>-0.07</td>
</tr>
<tr>
<td>Uruguay</td>
<td>0.58</td>
<td>0.64</td>
<td>0.56</td>
<td>0.59</td>
<td>0.46</td>
<td>0.64</td>
</tr>
<tr>
<td>Chile</td>
<td>1.18</td>
<td>0.71</td>
<td>1.27</td>
<td>1.36</td>
<td>1.20</td>
<td>1.36</td>
</tr>
</tbody>
</table>

**Notes:** The data is from Kaufmann, Kraay, and Mastruzzi (2005b). The scores describe a normal curve with values of approximately -2.5 to 2.5. The authors draw the data from twenty-five different data sets developed by eighteen institutions and the indicators are based on several hundred individual cases. The author also estimates a standard deviation for each dimension and country. In this case the values range from 0.13 to 0.15 for Voice and Accountability; from 0.19 to 0.22 for Political Stability; and from 0.15 to 0.17 for Government Effectiveness. In all three cases Bolivia and Uruguay share the highest values, 0.15, 0.22, and 0.17 respectively. For Regulatory Quality and Rule of Law, the standard deviations range from 0.18 to 0.20 and from 0.12 to 0.14, with Paraguay obtaining the highest value, 0.20 and 0.14, respectively. In the case of political stability, the exceptional cases of Colombia and Peru during much of the 1980s and 1990s clearly distort the values of the countries in the middle-level category.
### Table III

**INDICATORS OF GOVERNANCE (EXCLUDING RULE OF LAW)**

**FOR SOUTH AMERICAN COUNTRIES**

<table>
<thead>
<tr>
<th>Country</th>
<th>Average</th>
<th>Political Stability</th>
<th>Government Effectiveness</th>
<th>Regulatory Quality</th>
<th>Control of Corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venezuela</td>
<td>-0.88</td>
<td>-1.00</td>
<td>-0.92</td>
<td>-0.68</td>
<td>-0.91</td>
</tr>
<tr>
<td>Paraguay</td>
<td>-0.83</td>
<td>-0.76</td>
<td>-1.06</td>
<td>-0.44</td>
<td>-1.08</td>
</tr>
<tr>
<td>Ecuador</td>
<td>-0.77</td>
<td>-0.89</td>
<td>-0.92</td>
<td>-0.39</td>
<td>-0.87</td>
</tr>
<tr>
<td>Colombia</td>
<td>-0.58</td>
<td>-1.87</td>
<td>-0.13</td>
<td>0.11</td>
<td>-0.45</td>
</tr>
<tr>
<td>Bolivia</td>
<td>-0.38</td>
<td>-0.5</td>
<td>-0.45</td>
<td>0.20</td>
<td>-0.76</td>
</tr>
<tr>
<td>Perú</td>
<td>-0.28</td>
<td>-0.85</td>
<td>-0.32</td>
<td>0.34</td>
<td>-0.28</td>
</tr>
<tr>
<td>Argentina</td>
<td>-0.17</td>
<td>-0.14</td>
<td>0.01</td>
<td>-0.13</td>
<td>-0.43</td>
</tr>
<tr>
<td>Brazil</td>
<td>-0.03</td>
<td>-0.16</td>
<td>-0.07</td>
<td>0.18</td>
<td>-0.07</td>
</tr>
<tr>
<td>Uruguay</td>
<td>0.61</td>
<td>0.64</td>
<td>0.56</td>
<td>0.59</td>
<td>0.64</td>
</tr>
<tr>
<td>Chile</td>
<td>1.17</td>
<td>0.71</td>
<td>1.27</td>
<td>1.36</td>
<td>1.36</td>
</tr>
</tbody>
</table>

*Notes:* The data is from Kaufmann, Kraay, and Mastruzzi (2005b). The scores describe a normal curve with values of approximately -2.5 to 2.5. The authors draw the data from twenty-five different data sets developed by eighteen institutions and the indicators are based on several hundred individual cases. The author also estimates a standard deviation for each dimension and country. In this case the values range from 0.13 to 0.15 for Voice and Accountability; from 0.19 to 0.22 for Political Stability; and from 0.15 to 0.17 for Government Effectiveness. In all three cases Bolivia and Uruguay share the highest values, 0.15, 0.22, and 0.17 respectively. For Regulatory Quality, the standard deviations range from 0.18 to 0.20, with Paraguay obtaining the highest value, 0.20. In the case of political stability, the exceptional cases of Colombia and Peru during much of the 1980s and 1990s clearly distort the values of the countries in the middle-level category.

### Table IV

**INDICATORS OF SOCIOECONOMIC PERFORMANCE**

**AVERAGE FOR 1996–2005**

<table>
<thead>
<tr>
<th>Country</th>
<th>Poverty Gap</th>
<th>Poverty %</th>
<th>GDP Growth %</th>
<th>Urban Unemployment %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia</td>
<td>34.40</td>
<td>62.4</td>
<td>0.9</td>
<td>7.1</td>
</tr>
<tr>
<td>Paraguay</td>
<td>30.30</td>
<td>61.0</td>
<td>-1.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Colombia</td>
<td>24.10</td>
<td>50.6</td>
<td>0.3</td>
<td>16.0</td>
</tr>
<tr>
<td>Venezuela</td>
<td>22.10</td>
<td>48.6</td>
<td>0.9</td>
<td>13.8</td>
</tr>
<tr>
<td>Ecuador</td>
<td>20.80</td>
<td>49.0</td>
<td>1.1</td>
<td>11.1</td>
</tr>
<tr>
<td>Perú</td>
<td>20.60</td>
<td>54.7</td>
<td>1.6</td>
<td>9.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>17.80</td>
<td>38.7</td>
<td>0.7</td>
<td>8.5</td>
</tr>
<tr>
<td>Argentina</td>
<td>12.20</td>
<td>29.4</td>
<td>1.4</td>
<td>15.4</td>
</tr>
<tr>
<td>Chile</td>
<td>6.30</td>
<td>18.7</td>
<td>3.0</td>
<td>8.1</td>
</tr>
<tr>
<td>Uruguay</td>
<td>4.50</td>
<td>15.4</td>
<td>1.0</td>
<td>13.3</td>
</tr>
</tbody>
</table>

*Notes:* The data on rate of growth of GDP per capita and urban unemployment is from CEPAL (2005b: 169, 186). The data for poverty and the Poverty Gap is from CEPAL (2005d: 69–71). For poverty the indicator is the percentage of the population living under the poverty line. The poverty gap represents the depth of poverty, i.e., how far the income of the poor is from reaching the poverty line, and the income of the extreme poor, from reaching the extreme poverty line. The last two indicators are for the most recent year, which ranges from 2001 for Paraguay to 2004 for Argentina.
When observing the indicators of efficacy as manifested in socioeconomic indicators, Paraguay ranks at the bottom of the scale also, although the general performance of the region is not particularly brilliant (see Table IV).

The exception here is the measure of urban unemployment, where Paraguay does not fare as poorly as middle-level countries. Yet one must take into account here that the lack of reliable and comparable statistics for underemployment, hidden unemployment, and informal employment obscures the picture and renders those numbers of little relative value.

This set of data concerning the quality of democracy in Paraguay raises a number of important questions. First and foremost, why does the performance of the Paraguayan democracy, which belongs to the same “wave” as its counterparts, remain so far from the general pattern for the region? More specifically, why has Paraguay underperformed so significantly as compared to the rest of the South American countries? Is it possible to isolate the variables that account for such differences? This last is the task I intend to tackle in this paper.

THE CAUSAL LINKS

To address these questions I need to explore the impact of three categories of variables: structural, institutional, and sociocultural. By structural variables, I refer to the socioeconomic matrix insofar as it determines the composition of the players in the game. By institutional variables, I refer to a) the nature of the party system, that is the etiology of the parties, and b) the rules of the game, constitutional and legal, and the extent to which they favor or not the quality of democracy. By sociocultural variables, I do not refer to political culture in the traditional sense but rather to the “social capital” of the population, i.e., the predisposition to associational activities and horizontal relations which are based on trust.

I hypothesize that structural factors set rather rigid limits by laying the grounds for the kind of actors that engage in the political game. I further argue that institutional
variables, especially the party system, are rational responses to such an environment and that, together with the set of rules, tend to reinforce this setting.

As for social capital, at least as traditionally measured, I posit that it is more a response to such a setting than an independent variable capable of transforming it.

**Structural Factors: The Socioeconomic Matrix and the “Invertebrate Society”**

Socioeconomic variables are important insofar as they structure what kind of players will be in the game and influence the nature of political transactions. The importance here lies less in the existence, size, and organization per se of certain classes, such as the proletariat (Rueschemayer, Stephens and Stephens, 1992) or the middle class (Lipset, 1959), which are supposed to embed democratic values or press for a democratic opening. From the standpoint of this study on the quality of democracy, the importance of socioeconomic structure rests in the degree to which it permits the emergence of collective actors with collective interests and thus is capable of structuring the political game along issue-based lines.\(^{11}\)

In general, we may distinguish two types of socioeconomic matrices. Traditional structures are characterized by the predominance of an agro-export economy, a large proportion of rural inhabitants, the reduced size of the industrial sector, and the small size of the related domestically oriented, professionally based administrative, commercial, and educational sector upon which the middle class develops. In this kind of structure the most *powerful* sector tends to be the landed elite while the *largest* sector is the fragmented, unorganized peasantry.

Modern structures involve a larger industrial sector—with the consequent development of an important class-based constituency—and a larger subsidiary sector of administration, commerce, and services which demands a more qualified workforce and gives rise to another class-based constituency. It is true that the process of de-industrialization experienced by some countries in the 1980s and 1990s as a result of the implementation of certain models of neoliberal reform has changed the landscape.
Nonetheless, the political game had already acquired certain basic traits and the new class of independent workers (highly educated and trained professionals) bears no resemblance to the informal sectors more akin to what Marx called the lumpen-proletariat. Moreover, the importance of the rural workforce is limited and thus the landed elite and the emerging urban bourgeoisie confront a whole different scenario with newly emerging urban constituencies, mainly labor and the middle class.

This scenario configures a different type of game. One could go as far as to say that “by ‘modernity’ we mean the principle of affirming the capacity of individual and collective subjects for historical action ... the absence of ‘modernity’ is the absence of subjects” (Garretón, 2003: 14). But even if we do not equate the existence of subjects with modernity, we surely have to agree that while structured elite actors are omnipresent across time, the emergence of non-elite actors cum collective actors is precisely what modernity brings about. Or, to put it in other words, this kind of structure extends the question of agency from the individual to the collective level.

Table V illustrates the case of Paraguay. It shows clearly how much more traditional this country is as compared to the rest of the South American nations. The combined GDP of the three most modern countries of South America (Argentina, Brazil, and Chile) is 40.9 larger than that of Paraguay; the GDP per capita is 4.1 times larger; agricultural and nonagricultural productivity, 2.1 and 3.1 larger, respectively; and the number of patents requested by local entrepreneurs 70.4 times larger, a good indicator of the sophistication of the economic structure. The ratio of manufactured goods as a percentage of total exports is 2.5 to 1, with 31.7 percent in the more modern countries (all three of which have some of the world’s most competitive agricultural sectors), and 12.7 percent in Paraguay. Conversely, while in Paraguay agriculture accounts for 27.6 percent of GDP, in the more advanced countries it is 6.5 percent. In short, by just about any indicator the chasm that separates these countries in terms of economic development is clear.

An analysis of the social structure reveals an identical pattern (see Table VI). While urbanization in the more modern countries reaches the 68-percent mark, in
Paraguay it is only 49.6 percent. Likewise, while in Paraguay 31.3 percent of the labor force is employed in agriculture, in the more modern countries that percentage drops to 11.1 percent. And conversely, while in Paraguay at least 62.9 percent of the urban labor force is in the informal sector, that percentage is only 28 percent in the more advanced countries of South America. Again, the contrast is stark.

Besides, a closer examination of the labor force shows how small the proportion of the “industrial” sector capable of building organizations is. In 2005, fully 23.7 percent of the labor force was employed in “enterprises” in which they were the sole workers, and 43.2 percent in businesses employing between two and five workers. Thus, fully two thirds cannot be considered “working class” from a sociological standpoint. Add to this 8 percent of the labor force working as domestic employees and you end up with fully 75 percent, three-quarters of the labor force, belonging in this category.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP %</th>
<th>GDP (US$)</th>
<th>Manufactured Goods as % of Total Exports</th>
<th>Agriculture % GDP</th>
<th>Agricultural Productivity</th>
<th>Non-Agricultural Productivity</th>
<th>Patents Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia</td>
<td>1,009</td>
<td>8,773</td>
<td>13.4</td>
<td>14.2</td>
<td>752</td>
<td>3,589</td>
<td>24</td>
</tr>
<tr>
<td>Paraguay</td>
<td>1,291</td>
<td>6,950</td>
<td>12.7</td>
<td>27.6</td>
<td>3,062</td>
<td>4,661</td>
<td>22</td>
</tr>
<tr>
<td>Ecuador</td>
<td>1,498</td>
<td>32,964</td>
<td>9.3</td>
<td>11.5</td>
<td>1,659</td>
<td>4,304</td>
<td>12</td>
</tr>
<tr>
<td>Colombia</td>
<td>2,081</td>
<td>96,783</td>
<td>16.9</td>
<td>9.2</td>
<td>3,658</td>
<td>5,737</td>
<td>63</td>
</tr>
<tr>
<td>Perú</td>
<td>2,231</td>
<td>69,662</td>
<td>37.0</td>
<td>13.8</td>
<td>1,914</td>
<td>8,132</td>
<td>42</td>
</tr>
<tr>
<td>Brasil</td>
<td>3,444</td>
<td>603,948</td>
<td>53.0</td>
<td>8.6</td>
<td>4,620</td>
<td>10,316</td>
<td>3,577</td>
</tr>
<tr>
<td>Uruguay</td>
<td>4,596</td>
<td>13,216</td>
<td>53.0</td>
<td>8.6</td>
<td>4,620</td>
<td>10,316</td>
<td>37</td>
</tr>
<tr>
<td>Chile</td>
<td>4,884</td>
<td>95,026</td>
<td>13.2</td>
<td>5.8</td>
<td>5,340</td>
<td>14,436</td>
<td>207</td>
</tr>
<tr>
<td>Venezuela</td>
<td>5,746</td>
<td>109,764</td>
<td>2.1</td>
<td>5.3</td>
<td>4,846</td>
<td>7,815</td>
<td>86</td>
</tr>
<tr>
<td>Argentina</td>
<td>7,730</td>
<td>153,129</td>
<td>28.8</td>
<td>5.4</td>
<td>9,311</td>
<td>18,978</td>
<td>816</td>
</tr>
</tbody>
</table>

Table VI
COUNTRIES CLASSIFIED BY KEY INDICATORS OF SOCIAL STRUCTURE

<table>
<thead>
<tr>
<th>Country</th>
<th>Urbanization</th>
<th>Agricultural workforce</th>
<th>Nonagricultural workforce</th>
<th>Percentage of employees with social security</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Informal</td>
<td>Formal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>Public sector</td>
</tr>
<tr>
<td>Bolivia</td>
<td>39.0%</td>
<td>32.3%</td>
<td>66.7%</td>
<td>44.6%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>48.0%</td>
<td>30.3%</td>
<td>57.6%</td>
<td>32.9%</td>
</tr>
<tr>
<td>Paraguay</td>
<td>49.6%</td>
<td>31.3%</td>
<td>62.9%</td>
<td>31.0%</td>
</tr>
<tr>
<td>Peru</td>
<td>55.2%</td>
<td>37.5%</td>
<td>58.0%</td>
<td>36.6%</td>
</tr>
<tr>
<td>Brazil</td>
<td>58.4%</td>
<td>19.6%</td>
<td>44.6%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Colombia</td>
<td>59.2%</td>
<td>20.9%</td>
<td>59.9%</td>
<td>37.6%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>71.5%</td>
<td>9.7%</td>
<td>52.2%</td>
<td>31.1%</td>
</tr>
<tr>
<td>Chile</td>
<td>72.1%</td>
<td>13.3%</td>
<td>35.8%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>74.3%</td>
<td>4.6%</td>
<td>37.7%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Argentina</td>
<td>74.9%</td>
<td>1.1%</td>
<td>44.3%</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

Notes: The data for urbanization refers to population living in cities of 20,000 or larger, and is from CEPAL (2005c: 30). The data on agricultural labor force is from CEPAL (2006: 22). The data on the nonagricultural workforce and social security are from ILO (2005) and use data from 2004, except in the cases of Brazil (2003), Bolivia (2002), and Chile (2003).
In contrast, only 6.7% of the labor force is employed in businesses employing more than 50 people (DGEEC, 2005). This is a characteristic shared by other small countries, like Bolivia, where 83% of the labor force is employed in firms with between one and nine workers and 8.7 percent in enterprises employing more than fifty workers.\(^{14}\) This is why aggregate employment data in the secondary sector must be handled with care. In fact, with a few outliers, employment in the industrial sector in Latin America hovers in the 16–18 percent range, but not all “industrial” sectors are alike.

In the urban areas of Paraguay in 2004 (and in absolute terms), 73,000 people worked in enterprises employing more than 50 workers and 264,000 in ones employing between 6 and 49, which together add up to 337,000 workers employed in the formal sector. In contrast, 329,000 worked alone (cuentapropistas); 81,000 were non-paid relatives; 453,000 worked in establishments employing 2 to 5 workers; and 173,000 were domestic employees, for a total of 1,036,000. All in all, fully 75 percent of the urban labor force falls into the informal sector.\(^{15}\)

For a graphic depiction of the numbers discussed above, see Fig. 1.

![Figure 1: Occupational Structure in Urban Areas of Paraguay, 1997–2004 (Thousands of Workers)](source)

The consequences of this rather traditional structure are far-reaching for it hinders the emergence of collective actors capable of developing a collective identity and thus of making a universalistic impact on the political process. I will call this an “invertebrate society,” borrowing the expression, if not the concept, from the famous work of José Ortega y Gasset (1922). This is the social basis of politics and its importance cannot be underestimated.¹⁶

This lack of social articulation in a large part of the population favors the emergence of clientelistic politics, i.e., of politics based on dyadic and asymmetrical relations that prevent the emergence of horizontal ties and encourage vertical, hierarchical, and essentially exploitative relationships. The consequences of this type of incorporation of members of the popular sector are their inclusion as clients, but their exclusion as citizens.

A number of logical questions follow: what kind of politics, what kind of civil society, what kind of collective actors, what kind of interest articulation and aggregation, what kind of political parties could emerge from this fragmented social matrix, from this “invertebrate society”? 

Institutional Factors: Political Parties and Rules of the Game

Political Parties

It has been pretty well established by now that the number of parties and the degree of polarization among them play a role in the stability or instability of democracies and that electoral rules contribute to shape such system. Yet, I would like to point here to a factor not very often discussed in the contemporary literature that affects the quality of democracy: the type of parties.

This issue was a concern of most of the classics, old and new.¹⁷ In fact, Max Weber distinguished between parties of patronage and Weltanschauung parties (1997:152); Maurice Duverger (1954) drew a dividing line between cadre and mass
parties; Otto Kircheimer (1966) highlighted the trend transforming mass parties into
catch-all parties; and Angelo Panebianco (1988) distinguished between bureaucratic and
professional parties.

In Paraguay, as in most Latin American countries, political parties emerged in the
last third of the nineteenth century and could best be characterized as parties of notables,
i.e., characterized by a loose organization centered on the prestige of certain personalities.
Numerous attempts have been made to pinpoint exactly which cleavage separated the
conservative Colorado party from the Liberal party. Among the competing explanations
we must include:

• a competition between the rural oligarchy (Colorados) and the urban
  commercial bourgeoisie (Liberals);
• a simple power struggle between the “ins” (Colorados) and the “outs”
  (Liberals);
• an ideological divide between “lopiztas” (Colorados) and “anti-lopiztas”
  (Liberals);
• a more universal ideological split between rural-oriented, traditional,
  clerical, corporatist, statist, law-and-order conservatives (Colorados) and
  urban-oriented, more modern, anti-clerical, pluralist, “laissez-faire-ist”
  liberales (Liberals);
• a generational divide between old politicians in power and new politicians
  aspiring to power (Lewsi, 1993).

All of these explanations—save the last which seems to hold empirically for the
foundational period but begs the question of why subsequent generations behaved that
way—were proved wrong on one count or another. What is relevant for the purpose of
this study is the organizational evolution of these parties.

A significant institutional development must be considered here. Still under
the occupation of the allied forces in the aftermath of the Triple Alliance War (the last
Brazilian contingent left in 1876), Paraguay adopted a new constitution inspired by
the 1853 Argentine Constitution and modeled on that of the US. The peculiarity of it,
however, was that one of its articles consecrated universal suffrage. Historical research
so far has not paid attention to this notable fact and therefore has not explained why it occurred. My own investigations based on the minutes of the Constitutional Convention show that the only discussion was where to draw the line for the voting age: was it to be 18 or 17?

The Constitution was approved in 1870 and the two traditional parties established in 1887, seventeen years later, preceded, for sure, by a number of political clubs that could be considered proto-parties. The fact is that parties had the rules of the game established before they were born, and those rules impelled them to incorporate into their ranks as many people as possible. The sequence of key developments, as Pierson’s work on path-dependency analyses (2003) conclusively demonstrates, has long-term consequences and this one was no exception. The “rational” thing for parties to do was to socialize into them as large a segment of the population as they possibly could. And that is exactly what they did. They soon evolved, then, from parties of notables to clientelist parties. They resorted, among other things, to nineteen-century marketing to develop and strengthen identity, including the adoption of a color, a song, a polka, a greater-than-life founding hero, and an altar full of party saints. The members of the parties called each other “correligionario,” which translates as co-religionist, someone who shares the same religion.

Neither these institutional factors, nor the strategies adopted by the parties to adapt to them, would have been as successful as they were had it not been for the favorable socioeconomic conditions. Paraguay was by then already a highly homogeneous mestizo country, so no ethnic cleavages threatened the emerging elite. Furthermore, the productive structure was characterized by the existence, side by side, of two basic systems, the ranching and the subsistence agricultural.

The ranching system was based on extensive cattle raising on vast tracts of land, with a very limited labor force made up of “peones” (peons) who had a patron-client relationship with the “estancieros” (ranchers). Next to the ranches lived the
“campesinos,” owners of small plots of lands or simple squatters occupying them, who represented the subsistence agricultural sector. No labor-intensive commercial agriculture developed. Individual peasants, mostly engaged in subsistence agriculture, had a very limited integration into the domestic market. Some of them, however, grew for export cash crops which varied over time between tobacco, cotton, and petitgrain oil. These products were sold through a network of intermediaries to the import-export houses of Asunción, most of them owned by European immigrants or first-generation Paraguayans. This was the “latifundio-minifundio” economic structure that has characterized Paraguay to our day.

This constituted a highly fragmented, low-social-density setting, ideal for the development of clientelist ties, as wealthy ranchers, commercial intermediaries, or general-store owners could easily establish the kind of asymmetrical and dyadic relationships that characterize clientelism and dress up those relationships as party loyalty. Eventually, with access to political power, these vertical links were strengthened as patrons gained the ability to facilitate clients’ dealings with the justice system and government bureaucracy.

The nonemergence of an import-substituting industrialization process and the relatively modest expansion of the agro-export economy (as opposed to the ranching-export economy) led to very slow socioeconomic and demographic change and facilitated the survival of the traditional parties well into the twentieth century.

In the 1940s and 1950s, a burst of state intervention led not only to the growth of the state but also to an unprecedented development of state-based clientelism. The system was perfected during the dictatorship of Alfredo Stroessner through an almost total identification between party and state, and with the great deal of power given to the local party organizations, or “seccionales,” in channeling poor people’s needs and not-so-poor people’s aspirations (Abente Brun, 1995).

The more lasting, more deleterious, and more important legacy of the dictatorship has been precisely the degree to which it strengthened the thoroughly clientelist state
party, which monopolized public jobs, government contracts, access to public services, entrance to the police and the military—in sum, the whole state. Even though things changed to a degree after the process of democratization began, this legacy endowed the Colorados with a distinct advantage over the Liberal Party in terms of patronage and other political forces in general.

Yet, this should not be interpreted as meaning that other political forces escaped the pervasive logic of clientelism. On the contrary, the Liberal Party is as clientelist as the Colorado, only controlling a smaller part of the state (that is fewer municipalities, governorships, and public institutions). Even new parties, such as the Encuentro Nacional (National Encounter Party), which became important in the second half of the 1990s, and the Partido País Solidario (Solidarity Country Party), a “socialist” splinter group, have become thoroughly immersed in clientelist logic, although Janus-like—retaining one outward-looking image and a quite different inner-looking modus operandi. Some of their most trustworthy leaders would say that there is no other way to operate given the circumstances, but the fact is that exceptions rapidly become the rule, tactical concessions strategic choices, and sooner rather than later, the differences between new and traditional parties become blurred.19

It could be argued that clientelist parties exist elsewhere in Latin America.20 Yet the difference lies in the degree of clientelism (whether clientelism is a means to support the party apparatus or both the apparatus and the party electoral base); the importance of those parties; and when clientelism becomes a distinctive feature of the party. Based on those criteria I would argue, for example, that the two major parties in Argentina are not essentially clientelist. Levitsky has persuasively showed that the Peronist party has become increasingly clientelist as its traditional base of support shrinks as result of the de-industrialization policies of the 1980s and 1990s (Levitsky 2005: 181–206), but its genealogy and its ethos as a labor party has not disappeared. A similar argument can be made about the Workers’ Party (Partido dos Trabalhadores, or PT) and the Brazilian Social Democracy Party (Partido da Social Democracia Brasileira, or PSDB) in Brazil,
Democratic Action (Acción Democrática, or AD) and COPEI in Venezuela, and the
American Popular Revolutionary Alliance (Alianza Popular Revolucionaria Americana or
APRA), Popular Action (Acción Popular, or AP), and the Social Christian Party (Partido
Social Cristiano, or PSC) in Peru. Chile fits this pattern, as does Uruguay, where there is
no question about the Frente Amplio (Broad Front), but even the two surviving traditional
parties suffered significant transformations. As far back as the early part of the twentieth
century, the Colorado leader José Battle y Ordóñez had already changed the genome
of his party by embracing a progressive agenda that included labor rights and long-held
middle-class demands. The exception to the pattern would be the traditional parties of
Colombia, most parties in Ecuador, and the Bolivian parties, except for Evo Morales’s
Movement toward Socialism (Movimiento al Socialismo, or MAS) and the Revolutionary
Nationalist Movement (Movimiento Nacionalista Revolucionario, or MNR) in the 1950s.

In contrast, in Paraguay the two traditional parties were born clientelist, remain
clientelist, and have jointly shared more than three-quarters of the votes in just about
every election. They have a combined membership of 2,196,742, which represents 80
percent of the latest electoral roll! This is certainly not the type of clientelism which one
finds elsewhere in Latin America. It thus becomes clear that the Paraguayan and perhaps
the Ecuadorian parties are amongst the most clientelist in South America.

The nature of the parties stamps an indelible mark on the quality of democracy.
Mass or Weltanschauung parties are parties of constituencies or collectives and of
redistribution. They draw their support from specific social actors or a set of actors and
even if they later evolve in the direction of a catch-all party they retain the identification
with their original constituencies even when they become flexible enough to include
other newer actors as well. Cases in point are the leftist parties in Chile, the Frente
Amplio in Uruguay, and the Workers Party in Brazil. The strong labor link may be
gone but the weltanschauung of a progressive, pro-labor, pro-disadvantaged people,
pro–minority rights party remains. The same is true for conservative parties, such as the
parties of the right in Chile and the Blancos and Colorados in Uruguay.
In contrast, clientelist parties are parties of constituents or individuals and of distribution. Their discourse and cultural identity is, to a greater or lesser degree, ambivalent, populist, conservative, authoritarian, and personalist. Clientelist parties behave in a particularistic fashion. Rather than adopting policies oriented towards taking into account the universalistic interests of a class or coalition of classes and groups, they are oriented to pork-barrel, piecemeal legislation than tends to be incoherent, contradictory, disjointed, and ultimately self-defeating. Fully 28 percent of the Paraguayan sample interviewed by the Latinobarómetro in 2005 says he or she personally knows someone who received favors and privileges for being a government party sympathizer. This score is surpassed only by Mexico’s and is much higher than the 19 percent average for Latin America (Latinobarómetro, 2005: 30).

Furthermore, clientelist parties resort as a matter of policy to vote buying. In a recent poll in Paraguay, 77.2 percent of the people interviewed believed that votes are bought (CIRD/USAID, 2005: 30).

In Table VII the distinctions between these two ideal types of parties are highlighted. I prefer the expression “weltanschauung” to “mass parties” because, indeed, as Kirchheimer has noted, the parties did experience a transformation in the direction of becoming catch-all parties and yet they retain a distinctive ideological élan or weltanschauung. This becomes evident in the nature of their social basis of support, their policy inclination or bias, and their composite identity profile.22
Another way clientelist parties impact on the functioning of democracy has to do with the overriding concern with courting the favor of any potential voting group, without regard for policy priorities. This makes parties too dependent on the demands of the few organized groups that can be said to have a collective identity and that are mainly teachers and public employees. The distinguishing characteristic of these collective actors is that they do not interact or conflict with other collective actors but with the state. The issues, as one can imagine, are salaries, benefits, perks, and the like. As parties of distribution, clientelist parties act as doorkeepers and tend to systematically yield to such demands. In seventeen years of democracy in Paraguay, not one of these demands, some clearly absurd, were ever rejected by any of the parties in Congress.

The result is growth in the number of public employees, an increase in what can be described as “bureaucratic pressure” (the percentage of tax receipts needed to pay public salaries), and an increase in the budget of the Ministry of Education, mostly oriented towards increasing salaries and expanding jobs. In fact, the number of public employees more than doubled between 1989 and 2005. The bureaucratic pressure jumped from an average of 42 percent for the 1980–1988 period to 76 percent in the 2000–2005 period. Educational spending rose 64 times between 1988 and 2005 and education’s share of the total budget doubled, from 11.4 percent in 1988 to 19.7 percent in 2005.
Employment almost doubled between 1989 and 1999, as Figures 2–5 illustrate with extreme clarity. The increases were voted in by the Colorado Party—with the assistance of the opposition parties, which for at least eight of the last thirteen years enjoyed a majority in the Senate, the chamber that ultimately decides on budget issues. In other words, the opposition could have blocked the increases, but did not.

Yet the results do not seem congruent with the enormous sums of money expended. While the illiteracy rate went down from 9.7 percent to 5.1 percent between 1992 and 2001, illiteracy for the population 10 years and older increased from 5.0 to 6.3 percent between 1995 and 2004. Net rate of enrollment decreased from 93 percent to 90 percent between 1990 and 2001 and the percentage of children completing fifth grade increased from 70 percent to 78 percent. Gains were made in pre-schooling rates, which went from 17 percent to 66 percent in the same period, but involve a rather smaller absolute number of children; middle-school enrollment went from 27 percent to 53 percent, but the same absolute number proviso applies (DGEEC 2004a). The scant quality indicators, on the other hand, paint a bleak picture.

**Figure 2**

**Total Number of Public Employees in the Central Government, 1989–1999**

*Notes:* In absolute numbers and only including permanent employees. In addition there are an unspecified number of “contratados,” i.e., personnel contracted with on a yearly basis. Spending on contract workers represents about 8 percent of spending on permanent employees and thus can be assumed to be a relatively similar proportion in terms of quantity.

Total Number of Jobs in the Ministry of Education, 1989–1999

Notes: In absolute numbers and only including permanent employees. In addition there are an unspecified number of “contratados,” i.e., personnel contracted with on a yearly basis. Spending on contract workers represents about 10 percent of spending on permanent employees and thus can be assumed to be a relatively similar proportion in terms of quantity.


Figure 4
Evolution of Public Spending on Personnel

Notes: In current guaranies (Paraguayan currency) and only permanent employees. In addition, there is an unspecified number of “contratados,” i.e., personnel contracted with on a yearly basis. Spending on contractual workers represents about 10 percent of spending on permanent employees and it can thus be assumed to be a similar proportion in terms of quantity.

Thirdly, by dealing with the state as a dispenser of benefits the parties reinforce the rent-seeking behavior of other powerful socioeconomic actors. In general, organized business speaks of the free market and the elimination of government intervention at every possible opportunity. Yet, in practice it is constantly seeking the intervention of the state on behalf of its interests, ranging from minor issues such as establishing by law the percentage of commission to be paid by airlines to travel agencies, to sequestering funds to be used in public works, mainly roads, at the behest of the “rosca vial” (tightly knit group of public-works contractors), to relaxing banking regulatory rules to benefit a number of failed enterprises, to providing subsidized loans to businesses through state-owned banks, and so on and so forth.

Interestingly enough, even the largest organized peasant groups, such as the Federación Nacional Campesina (FNC, or the National Peasant Federation) and the Organización Nacional Campesina (ONAC, or the National Peasant Organization), which have been able to muster significant mass support for a once-a-year march on the capital city of Asunción, also interact mainly with the state, not with other social actors. For example, their demands have been free cotton seeds for the sowing season, subsidized
chemicals to combat insect infestations, state subsidies to guarantee a better price for cotton, and the writing-off of the debts with the Crédito Agrícola de Habilitación (CAH, or Small Farmers Credit Agency), the state agency that handles credit lines for small farmers.\textsuperscript{23}

In short, while the \textit{strength} of the state remains low, its \textit{centrality} has reached a high. Politics is articulated along two main axes: patron-clients (on which the party structure rests) and rent-seeking corporations-state (where parties are the mediators). In both cases, however, demands are essentially distributive and resolved at the expense of the state. Since the state has already become a dispensing machine, the dispensing works for all classes and groups alike. Parties become intermediaries in the distributions of goods and since the purse belongs to the state they can afford to be rather generous.

We thus have a state that is simultaneously the predator and the prey.

Anthropologist Bartomeu Meliá points out with fine irony:

\begin{quote}
“El problema de los llamados bárbaros es que no se encuentran en realidad frente a civilizados, sino frente a “salvajes,” que se distinguen por una economía de “caza y pesca” [...] que ha sido y es sino una práctica histórica de caza y recolección la que se ha aplicado en el Paraguay desde hace siglos y con mayor intensidad en los últimos años? ... Todo el Paraguay se convirtió en un terreno de caza y recolección, siendo el Estado la mayor reserva y el más fácil coto de caza, hacia donde el ciudadano es obligado a arrear sus recursos y no precisamente los sobrantes sino los más necesarios.”\textsuperscript{24} Nde Bárbaro! (1996)
\end{quote}

Thus, one way or another the common citizens become the victims and helpless witnesses of the functional equivalent of a tragedy of the commons (Oström, 1990), where the common pool, a central and weak state, becomes a game preserve for hunters and gatherers and runs the risk of slowly falling apart.
Rules of the Game

In 1992 Paraguay adopted a new Constitution. It was meant to consecrate democratic principles and to prevent a relapse into a dictatorship. While undoubtedly many of its clauses can be interpreted thus, others have created a political logjam of vast proportions and have ended up being a disservice to democracy.

Another important dimension to explore is electoral rules. The basic principles have constitutional status and are thus “cláusulas pétreas” (ironclad rules). One is the election of the president by simple majority, a clause that almost guarantees divided government. The other principle is that all parties and intermediate organizations must elect their leaders and candidates for public office through the direct vote of their entire membership in primary elections. Gone are the party congresses and conventions to nominate party leaders and candidates and gone the leverage of the party leadership over rank and file. In addition, all parties and intermediate organizations must use the D’Hondt proportional system to allocate seats or posts. The combination of direct election of headers and candidates combined with the proportional system has at least three deleterious consequences. In the first place, it produces a very high degree of party fragmentation and makes it almost impossible to impose any kind of discipline in Congress and other elected bodies on any issue other than sheer survival. Secondly, it opens the door to political adventurers and mafia-related people to enter almost any contest they wish as long as they are willing to spend money. Moneyed interests are present on every list of candidates, to the point that many seats in the Senate and the Chamber of Deputies are literally bought by individuals or groups. Last but not least, it tends to make parties more rather than less prone to support clientelism and less rather than more prone to support reform. To preserve its hegemonic position, the ruling party supports a clientelist state and a politicized, not merit-based, civil service; minority parties follow the same practices to retain the advantages of their incumbency against challengers.
Thus, the whole system works systematically against interest aggregation (favoring interest articulation and swapping), against coherent and comprehensive policies (favoring instead muddling through and logrolling), against policy stability (favoring policy volatility as exceptions and changes are made at the behest of special interests), against fiscal discipline (as clients must be rewarded or seduced), and against medium and long-term commitments (favoring short-term decisions based on immediate personalist electoral concerns).

**Associational Predispositions**

A relatively recent body of literature inspired by the work of de Tocqueville has emphasized the importance of trust at the personal level and associational behavior as key to understanding the existence and quality of democratic systems (Putnam, 1993). Conversely, the absence of such values and inclinations would be detrimental, both to the development of democratic systems and to their quality.

In the case of Paraguay, levels of trust are very low for the 1996–2004 period; strikingly, in 2004, it shared with Costa Rica the bottom of the ranking (Latinobarómetro, 2004: 32). But there are a few years with scores more than twice as high as the average: 1996, 2000, and 2001 have average scores of 19 as opposed to an average of 8 for the other five years of the period (Latinobarómetro, 2004: 32) Interestingly, those were years in which macro events could have affected micro-level attitudes. In 1996, an attempted coup d’état by Gen. Oviedo was thwarted and led to massive and spontaneous demonstrations of support for democracy. In 2000 and 2001, the country was still living in the euphoria produced by the truly amazing and spontaneous reaction of the population that led to the resignation of President Raúl Cubas and the constitution of a government of national unity in 1999.

Other surveys are consistent with these trends in levels of trust. For example, the survey conducted by CIRD/USAID shows that while in 2001 56.9 percent of the
population reported not belonging to any intermediate organization, in 2005 that number rose to 70.3 percent. Likewise, when asked why people do not participate more, the percentage of those answering “because of not trusting people” rose from 31 to 35 percent while those responding “because there are not credible and honest organizations” increased from 19.6 to 24.4 percent. These two questions measure essentially the same dimension and if added together we register that lack of trust increased from 50.6 percent in 2001 to 59.4 percent in 2005 (CIRD/USAID, 2005: 17).

In contrast, as mentioned earlier, fully 80 percent of registered voters belong to one of the two traditional parties, and when asked which party they would vote for if an election were held next Sunday, 47 percent responded they already had a choice (Latinobarómetro, 2004: 30). On the other hand, though, political parties have been the least trusted institutions for three-quarters of the population during the 2001–2005 period (CIRD/USAID, 2005: 16).

In short, if anything could be made out of the available evidence it is exactly the opposite of Putnam’s contention: that is, that the mood of the people and the willingness to trust increases with favorable or successful macro-level developments in which it is perceived that good triumphs over evil. Likewise, the available evidence shows that as people become more frustrated with the quality of democracy they tend to trust other people less and participate less.

**IMPLICATIONS AND CONCLUSIONS**

This study of the Paraguayan case challenges some generally held views and raises several interesting theoretical implications. I will start with causal links and by stating that establishing them is first a matter of ontology and only second a question of methodology. When examining their structure one is led to think, at the very least, in terms of a strong “elective affinity” between the structural matrix, the types of parties, and the quality of democracy. Yet I submit that a stronger causal link is present.
At this point we may almost naturally be directed in a historical-structural direction and thus to the conclusion that the best methodological way of approaching this reality may be to rely on a path-dependence approach. We would thus develop a tree that starts the historical sequence with the existing social matrix at the time of the emergence of the parties, moves to the nature of the parties and the extent of suffrage, follows with the presence or absence of big changes—such as the import-substitution industrialization process or an armed conflict won or lost—capable of putting an end to that party system between 1930 and 1950, and ends with the current situation.

Another methodological approach would entail approaching the structure of causality adopting a “variable geometry” perspective. Aristotle’s theory that distinguishes different levels of causality—material, formal, efficient, and final—sheds light on this insofar as it approaches the issue from the point of view of several ontological levels of causality. Along these lines I would argue that causality in the social sciences, unlike in the physical sciences, cannot be reduced, either to a monocausal structure—already a widely accepted view—or to a one-level structure. Thus, it is not only that multiple causality is more often than not the case, but also that in many cross-sectional analyses such multiplicity is often manifested at different levels of causality, even if we consider them all efficient in the Aristotelian sense.

Thus, for example, the typical “levels of analysis” approach to the study of international relations is based on a tacit recognition that causality operates at different levels. These levels cannot be put on a level field and analyzed with sophisticated statistical techniques seeking to determine in the abstract which one is the most significant as if they were all ontologically comparable.

Regardless of the path taken, this study demonstrates that in the case of Paraguay the level and pattern of socioeconomic development has produced an “invertebrate society” and continues to produce an “invertebrate society.” It is a society without collective actors-for-themselves (although it may be argued that the peasantry is a
collective actor in itself). In such settings vertical relations prevail, power is exercised in a patrimonial or clientelist framework, and politics is about seeking and dispensing individual rewards. This is that out of which the reality is made, thus the “material” cause.

As we “zoom in,” we have to examine the role of institutional rules. Two are particularly noteworthy. The early expansion of the suffrage that makes nineteenth-century parties more “popular” and thus more resilient, combined with the absence of significant new socioeconomic actors, allows them to remain strong well over a century after their founding. Second, the adoption of the proportional representation system and the direct vote in party elections works as a strong incentive to make all parties, governing and opposition alike, more clientelist and less reformist.

A look at the second institutional factor, the parties, allows deciphering the “efficient cause,” the primary source of change in the parties or lack there of. Yet, that parties are clientelist is but a “rational” response to their environment. Traditional, elitist parties are born as privilege-protecting structures, as parties of notables. Over time, however, and as suffrage expands, they evolve into clientelist power-seeking machines and develop a life of their own. This transition from parties of notables to parties of patrons resembles the transformation of modern parties from parties of bureaucrats to parties of professionals, to use Panebianco’s categories (1988).

On the one hand, it is clear that this type of party has characteristics inimical to the quality of democracy. On the other hand, though, given the current socioeconomic matrix, it is unlikely that the parties will change soon or much.

The case of Paraguay vividly illustrates this dilemma. On the one hand, structural and institutional conditions not only explain the causes of the poor quality of democracy but also give little hope of any quick change. This low-quality democracy is certainly better than the dictatorship of Stroessner but is so far from the standards one would consider reasonable that I would not hesitate to call it a purgatory. The problem is that it looks like it will last way too long.
On the other hand, the “shortcut” approach is to resort to an authoritarian, messianic solution, as Gen. Lino Oviedo sought twice without success. Authoritarianism or low quality democracy: a dilemma narrowly confined to choosing between a rock and hard place.

A possible way out of this trap is the emergence of leadership such as that of former Bishop Fernando Lugo, who has generated a very strong chiliastic\textsuperscript{31} upsurge—in no other way can the support he gathers from people of all walks of life and all party affiliations be explained.\textsuperscript{32} It is still to be seen whether he will be able to solve the dilemma of the opposition since 1993: i.e., that parties with structure do not have winning candidates and winning candidates do not have strong partisan platforms upon which to stand.\textsuperscript{33}

In any case, what has been seen so far is that “in the domain of losses” people hold to what little the clientelistic structure offers them, usually adopting risk-averse political behavior, and only shift to a risk-taking attitude when there is hope for a radical improvement couched in millenarist terms.\textsuperscript{34}

A second set of questions has to do with the implications of this case study. Are these findings of any theoretical relevance? Can they yield theoretical gains?\textsuperscript{35} I believe that at least four relevant implications can be drawn. First, the importance of structural factors for addressing the issue of the quality of democracy is surely of general value and has important policy implications. Second, the importance of the nature of the parties likewise transcends the Paraguayan case. Third, the role played by the rules of the game as triggers or brakes for change is equally obvious. Lastly, the contradictory reality of a weak yet central state could be also be used to explain the cases of countries with similar socioeconomic backgrounds.

More specifically, perhaps the most important conclusion is that a return to the structural paradigm is not only theoretically necessary but also politically useful. In fact, junctures are characterized by an acceleration of social and political tempos, by special rhythms, and by a degree of uncertainty higher that usual. Short-term calculations, good
choices and errors, virtù and fortuna, all play a much larger role. Over time however, the compelling force of social and economic reality reemerges and eventually prevails. The contingent paradigm has proven useful in certain situations or contexts (coyunturas), especially processes of democratization or re-democratization. But once the juncture subsides, other factors, mostly structural, play a much larger role.

The policy implications of these findings are also important. Given the structural constraints, if we are to seek an improvement in the quality of democracy the most productive entry point is the institutional level. Better institutions could surely improve general conditions. Institutions, however, do not emerge spontaneously. There has to be a demand, and chances are those who benefit from the status quo would fiercely oppose any change. Yet, in the context of the current crisis, the intricate weaving of coalitions across parties and significant international support, i.e., the right mix of virtù and fortuna, could offer a way out.

Finally, are these findings relevant for the study of the other two small and low-quality democracies in South America, Bolivia and Ecuador? While they share with Paraguay a low quality of democracy they also have significant differences. Bolivia has a sizeable indigenous population. It also has an important mining sector—although developed in enclave conditions—a small but for years combative labor movement, the legacy of a popular revolution in the early 1950s, and different kinds of parties, especially the MNR in the 1950s and the MAS now.

Ecuador, on the other hand, also has a sizeable indigenous population, significant regional cleavages, and a relatively new petroleum industry. As in Bolivia and unlike in Paraguay, the traditional parties of the nineteenth century are gone, but the new ones are every bit as clientelist.

Will we, in this “most different cases” scenario, be able to identify a common causal structure? This is the question that a future research agenda must address.
ENDNOTES

1 I leave aside the other great theoretical contribution, dependency theory, because that approach emerged as and remained mostly an economic theory with political implications, whereas O’Donnell’s work was a political theory with an economic and social foundation. For the best rendition of this approach see Cardoso and Faletto (1979).

2 Two recent general overviews of the literature are Valerie Bunce (2000), and Barbara Geddes (1999).


5 When, at the beginning of the century, Lenin and the Bolsheviks, far from abandoning to a recalcitrant history the task of defeating capitalism and imposing socialism, trusted instead the party to substitute dialectics and even the proletariat itself, they betrayed … and sacrificed certain elements of the Marxist heritage but they recovered an original and vital element: the faith in the human capacity of a united mankind to do away with the remains of past centuries and of constructing, on new bases, a social order.

6 A more recent addition is the project directed by Daniel H. Levine and José Molina (2007), published after the completion of this work.

7 Furthermore, whether the factors that lead to democratization are also sufficient to sustain a good quality democracy remains to be examined. This discussion has been subsumed by the debate about democratic consolidation but not sufficiently dealt with. For example, Mainwaring, O’Donnell, and Valenzuela (1992); Tulchin (1995); Linz and Stepan (1996); O’Donnell (1996a, 1996b), and Gunther, Diamandouros, and Puhle (1996). The reasons for the poor quality of some democratic regimes remain largely unanalyzed.

8 “The state it is not only a set of bureaucracies; it is also a legal system that is enacted and normally backed by the supremacy of coercion…” (O’Donnell 2004b: 31).

9 “patterns, formal and informal and explicit or implicit, that determine the channels of access to principal government positions…” (O’Donnell 2004b: 15).

10 I would argue that poverty level is a better indicator than inequality indices for three reasons. First, poverty is a tangible reality, inequality an abstract relation. Second, absolute levels of poverty and the proportion of the population living in those conditions are a more ethical and political indictment of a system than inequality alone. Third, inequality is homogenously high in the region as a whole and much higher than in any other region of the world, but within those parameters poverty levels vary quite widely.

11 A concept akin to what Rueschemayer, Stephens and Stephens (2002: 49–50) call “social density” and which is also pointed out by Roberts (2002).

12 It is only in the case of the mass of people thrown out to marginal positions that parties developed a clientelist machinery to retain their allegiance. See Levitsky (2005).

13 For a discussion of the problem of agency and the quality of democracy see O’Donnell (2004b: 9–92) and 2004b, especially 28–33).

14 Data of the Ministerio de Trabajo y Microempresa as cited in Borda and Ramírez (2006: 10).

15 Based on data of the 2004 EPH (DGEEC, 2004b); Abente Brun (2006: 31).

16 Rueschmeyer, Huber Stephens and Stephens (1992: 66–67) allude to a similar concept, social density. As well, Roberts (2002: 4–6) utilizes a roughly comparable approach when distinguishing between party systems based on “segmented” versus “stratified cleavages.”

17 Giovanni Sartori (1976), however, centered his attention on party systems.

18 The findings of this analysis support and are supported by the powerful path-dependency approach developed by Paul Pierson (2003).

19 The Encuentro Nacional and País Solidario were the most relevant new parties until the early 1990s.

20 However, a fine recent study of parties and economic policies leaves aside rent-seeking parties as
marginal or of marginal interest and concentrates on two-party models, overlapping generations and
curvilinear disparity (Stokes, 2001).

21 The Colorado Party has a membership of 1,518,101 and the Liberal party 678,641.

22 An ideal-type reference could be the PSOE (Spanish Socialist Workers’ Party, or Partido Socialista
Obrero Español), and the PP (People’s Party, or Partido Popular) in Spain. The PSOE is no longer a
worker’s party, nor the PP a business’s party, but could anyone fail to recognize their distinctive profiles?

23 While these organizations have been relatively successful initially they have failed to reach a level of

24 “The problem of the so-called bárbaros [the small indigenous population] is that they do not face truly
civilized people but rather “savages” distinguished by a hunting and fishing economy […] for what
has been and continues to be but a historical tradition of hunting and gathering that has characterized
Paraguay for centuries and with particular intensity lately? All of Paraguay has become a hunting and
gathering ground, and the State has become the largest and easiest hunting reserve, where the common
citizen is forced to take its resources, not the leftovers, but the most essential ones.”

25 This complements Geddes’s argument (1991: 383) and answers some of the puzzles she raises.

26 The question was whether one can trust most people.

27 Understanding these contradictions may require examining some deep-seated biases related to the
mestizo culture. While praised as an example of idyllic race integration, mestizaje (crossbreeding) was,
however, forced upon indigenous peoples in a dominant/subservient code. Two types of social behavior,
or social “laws,” have thus emerged. The dominant, expressed in the “ley del mbareté” (the law of the
most powerful), recognizes no limits other than its own will. The “ley del ñembotavy” (law of pretending
to agree and go along with) developed as a mechanism of defense by the subservient. It is quite possible
that people express their true feelings when manifesting their distrust of parties but continue their
affiliation to them and cast their ballots accordingly to the extent that the “ley del mbareté” is seen as
strong enough and likely to be applied.

28 Peter Hall (2003) argues brilliantly along similar lines.

29 An expression that I borrow from Maurice Duverger’s characterization of the French V Republic.

30 I am well aware that, since the times of the Renaissance “of the four Aristotelian causes only the efficient
cause was considered worthy of scientific research” Bunge (1979: 32). I leave out the final cause, ab
initio, because of its teleological connotation even though until well into the 1970s functionalism—which
is a form of teleology—remained a prevalent paradigm both in sociology and political science.

31 From the greek khilias for a thousand-year kingdom.

32 All polls taken so far position him well ahead of the pack.

33 This is not only a problem of canvassing the vote, but essentially a problem of protecting the vote.
General elections are carried out in around 9,000 precincts spread all over the country. This leads to the
need to have an apparatus of some 27,000 extremely well-trained individuals guarding the precincts from
six in the morning until six or seven in the evening. Lack of strong control always results in systematic
fraud whereby votes for the governing party are added and votes for opposition candidates subtracted.
It is almost impossible to “prove” this once the election is over and the actas (certificates recording
precincts’ votes) sent to the central electoral authority. The introduction of voting machines makes the
subtraction of votes quasi impossible because they are registered in the machine, but nothing impedes
adding votes for the ruling party. That is why every politician knows that a precinct that one does not
control effectively is a precinct that one loses.

34 This runs counter the cogent explanation provided by Kurt Weyland (2002: 37–70) concerning elite
political behavior about economic reforms in Argentina, Brazil, Perú and Venezuela. In these cases the
prevailing reasoning seems to have been that “perdido por perdido” (when everything is lost) one may
just as well play a radical card, whereas in contexts where some reasonable status quo still prevails one
would rather not rock the boat.

35 This is the question that must be answered to discriminate between purely ideographic studies and those
susceptible of possessing nomothetic implications, as Rueschemayer (2003) points out.
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