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**Paraguay as a Decentralized Unitary State: What Does it Mean?**

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Contribution to the Panel:  
**Paraguay's Institutional Development:  
Five Years After the Constitutional Convention**

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Article 1 of Paraguay's 1992 Constitution calls the country a "unitary, decentralized state," and other provisions create governments for the seventeen departments, each with an elected governor and departmental junta (council). Before 1992, the departments were similar, at least in formal design, to the prefecture systems found in France before the Socialist government's decentralization there in 1981. The departmental delegate was appointed directly by the president of the Republic. The delegate supervised the national police and represented the president's political interests in the department. The provisions of the new Constitution represent a dramatic departure for an historically highly centralized state (Nickson 1995, 227).

The adoption of a politically decentralized system in the Constitutional Convention of 1992 was surprising for several reasons. First, decentralization had not been a concept commonly heard in Paraguayan political discourse before 1992. In a work published in 1991 on decentralization in Latin America and Europe, the chapter on Paraguay was entitled "The non-debate over decentralization" (Bareiro and Duarte 1991). Efforts to decentralize the system before 1992 focused mainly at gaining some measure of local autonomy for the municipalities. Gains in this area only date to the fall of the Stroessner dictatorship in 1989, and many mayors and town councils resisted the creation of another level of local governance that could dilute their recent gains.

Second, decentralization was forced into the Constitution against the wishes of the leaders of the major political parties. During the Convention, a bi-partisan lobby of politicians from the interior fought against their party leaderships to create a new level of autonomous government. Paraguayan parties are not noted for promoting fluid and temporary coalitions. Instead, alliances are rigidly constructed along factional lines, with faction leaders demanding loyalty from members. No major faction leader from either the ruling Colorado Party nor the opposition Authentic Radical Liberal Party, nor from the other parties in formation, supported decentralization. This rebellion against party discipline remains a unique event in Paraguay. Nor was any national party hoping to increase the local political power of its supporters, as was the case in France after 1981 (Schmidt 1990).

Third, no social movement or economic interests mobilized in support of decentralization. Unlike in neighboring Bolivia, where social movements have mobilized to fight for decentralization and books have been published with combative titles like *Decentralization Now!!* (Dabdoud 1994), no local movements pressured the convention to take the measures that it did. Again unlike Bolivia, Paraguay does not have distinctive economic regions that see the central state as a brake on development, and there were no important industrialists to back the decentralization campaign. Nor was decentralization promoted by the bureaucracy on grounds of efficiency. The Paraguayan bureaucracy is highly centralized and has resisted decentralization at almost every turn. Thus, the decision to decentralize was driven by a fairly narrow set of elite concerns.

Those interests were essentially those of local party elites, mostly within the Colorado Party, who saw the democratization process as both a threat and an opportunity. Democratization was a threat, because it weakened the power of the executive, who for the 45 years before the new Constitution was adopted had always been a Colorado. The dictator had power to distribute political and economic resources as he saw fit, and local

party bosses in the interior benefited greatly from their role as brokers. After 1992, the executive has considerably less power to distribute these resources at his own discretion. And while the presidency remains in the hands of the Colorado Party, the possibility of an opposition party president is now a real one. Colorados in the interior saw decentralization as a possible defense against political change at the national level. In this sense decentralization can be seen as a conservative rearguard action.

Democratization was also an opportunity. While the dictator provided stability to the previous distribution of rewards, competition within the Colorado Party for access to these could be fierce (Hicks 1971, 104-5). Stroessner's decisions on who would win were definitive, but left factional animosities at the local level that made local governance difficult (Turner 1993, 76). Particularly among those sectors of the party that felt competent in constructing their own local coalitions, the possibility of electoral competition for political offices with some real autonomy was seen as an attractive way to regulate competition and legitimize leadership. While Paraguay before 1989 was in essence a one-party state, the Colorados enjoyed a comparative advantage compared to Eastern European Communist parties when forced to operate in an electoral democracy. The Colorados had always campaigned against each other and against the other political parties that were permitted to exist but never to win.

In the Convention, the forces fighting for decentralization had to present compelling arguments in its favor. However, Paraguayan political ideas provided virtually no basis for building such an argument. So the decentralizers went out into the market of ideas to find support for their proposition. Here, decentralization is one of the key elements in the reform of the state promoted by neo-liberal and administrative reforms of the state (Rondinelli, McCullough, and Johnson 1989). Along with privatization, free trade and economic liberalization, decentralization of decision-making is seen as an important reform to create a leaner, smaller, and more responsive state. A decentralized state, it is argued, is a more efficient state, since decisions can be more easily adapted to immediate local considerations. It is also a more democratic state, because local government is more accessible to the governed and more responsive to their concerns (Rondinelli 1981, 135-36; Conyers 1986). The decentralizers quickly learned such aphorisms as 'no state has developed without decentralizing' and 'local government is closer to the people,' even though local Colorado elites are not enamored with the broader neo-liberal reform project (Richer 1993). Through seminars sponsored by a variety of regional and international organizations, Paraguayans learned to interpret the 'lessons' of a number of experiments in decentralization. Interestingly, the French case became a major point of reference, as did the cases of Colombia, Chile and Uruguay.

Thus this paper raises questions in two general bodies of theory. One, it presents the opportunity to test the hypotheses implied by the aphorisms mentioned above. Is a decentralized Paraguay a more efficient and democratic Paraguay? These are empirical claims that can be assessed. If valid here, the Paraguayan case would certainly enhance the general validity of the claims made for decentralization.

Two, does the logic of decentralization supersede the logic of elite dominance that the project originally was designed to enhance? Here I ask whether the incentive structures for local electoral competition will undermine the desire of the local elites to demobilize plural forces, instead encouraging the democratization of participation due to an alliance between local elites and local civil society to enhance the powers of local

government (see Graham 1992). Similarly, will the highly centralized political parties find the electoral incentives compelling enough to build local organizations and tap more purely local bases of support (Garman, Haggard, and Willis 1996)?

### Research and Methodology

Field research took place from June through December, 1995. This represents about the half-way point of the first terms of the newly-elected officials, who took office in August, 1993 and serve five-year terms. While I did seek to interview the various departmental governors, I chose to focus more on the departmental juntas. One reason for this was that several Paraguayan scholars are studying the governors, but no one has attempted to rigorously study the behavior and attitudes of the junta members. My theoretical justification for focusing on the junta members is that they, as a collective body, are most likely to be concerned for the institutional development of the departmental government, and are the most likely to respond to electoral incentives and party-building implied by the hypothesis that decentralization is a democratizing reform. The governors tend to see themselves as filling and redefining the role vacated by the delegates under the previous system, and respond to political incentives on a more national scale. I visited sixteen of the seventeen departments and interviewed a significant number of the 167 junta members. I also attended at least one regular session of the junta in each of these sixteen departments. I distributed a survey questionnaire to 160 junta members, although in spite of repeat visits to encourage participation, only 43 members completed the survey.

I also collected a newspaper data base of all mentions of the departmental governments, and have analyzed the content for types of actions taken (institution-building, general legislation, distribution of non-collective goods, oversight of the central government) and for attitudes expressed about decentralization by central government authorities and the media. I also interviewed participants in the constitutional convention and have studied the various proposals regarding decentralization presented there, and the debate recorded in the sessions of the convention. Finally, I studied the behavior of the Chamber of Deputies, which is now elected by proportional representation from multi-member districts that correspond to the departments.

### Early Steps Towards Decentralization

After the coup d'état that brought down Alfredo Stroessner, the new government of General Andrés Rodríguez embarked on a process of democratization to be developed in a series of elections. The first of these came in May, 1989, with the presidential elections to confirm Rodríguez as constitutional president. The second were municipal elections held in May and June, 1991, in which the Colorado Party lost control of 49 of the 204 municipalities. Most notable was the defeat of the Colorado Party in the national capital, Asunción, to an independent movement headed by a young doctor named Carlos Filizzola. The third election was to select the 198 members of the Constitutional Convention, who would write the new Magna Carta for the country. Finally, presidential elections in May 1993 selected Paraguay's first civilian president freely elected in competitive, multi-party elections.

The seeds of political decentralization to the departmental level first appeared in the drafting of a new Electoral Law in early 1990, although the intentions of this law were

far from creating anything like a new level of government. Article 251 requires that elections to a constitutional convention include at least one-sixth of the total number of delegates be elected from department-based electoral districts in the interior, with the rest elected through proportional representation on national lists (*Código Electoral* 1992). The electoral law was considered historic, but not for this reason. Rather, the law required that internal party elections to select the national directorship would be based on direct vote, meaning that parties could not choose their own leaders or candidates for public office without a primary election. The vote in the Chamber of Deputies for this provision was 35 to 34 in favor of the direct internal elections, with the winners arguing that the measure would increase citizen participation. Deputy Julio César Frutos argued that “Only 7% of the interior is represented in Congress, [but] the direct vote will end the representation (of the leadership) of the political parties” (Flecha and Martini 1994, 117-118).

By the time the elections to the Constitutional Convention were convoked in June, 1991, Filizzola had taken office in Asunción and the ruling Colorado Party was in disarray and uncertain of its ability to win in the up-coming polls. President Rodríguez, his Minister of Interior General Orlando Machuca Vargas, and Generals Humberto Garcete, commander of the First Army Corps, and Lino Oviedo, commander of the First Cavalry Division, combined to discipline the Colorado politicians and to unify them in preparation for the elections to the constitutional convention (Flecha and Martini 1994, 170-180). In the elections held on December 1, 1991, the Colorado Party won an absolute majority to the convention, taking 122 of the 198 seats. The Authentic Radical Liberal Party (PLRA) took only 55 seats, and the independent movement “Constitution For Everyone” (CPT), hoping to capitalize on the success of Filizzola’s “Asunción For Everyone” in the municipal elections, was disappointed in taking only 19 seats (Flecha and Martini 1994, 186). Fears were raised that the “Colorado Steamroller” would dominate the convention and limit the scope of reform of the existing 1967 Constitution.

However, once the Convention began its work in January 1992, the debates in the draft committee and its sub-committees were more technical than partisan, and the document that came out of the draft committee and presented to the plenary included many innovative provisions. Victor-jacinto Flecha and Carlos Martini note that “a significant fact was the formation of a “campesino” tendency in the Convention. ... For this group the theme of administrative decentralization of the State was essential and non-negotiable” (1994, 198). This tendency, or caucus, had its roots in the Colorado Campesino Coordinator (CCC), an internal movement of the Colorado Party that sought to defend the interests of party bosses of the interior. This movement appeared in the aftermath of the municipal elections, when these leaders saw their interests threatened by their tutelage to a declining national party.

The use of the word ‘campesino’ here has little to do with the peasantry, but rather refers to anyone from the interior. Nevertheless, these party bosses use the word to link themselves symbolically to the peasantry and against domination by people from the capital. This rhetoric often has made it difficult for politicians in the interior to see the municipal government of Asunción, or even the government of the Central Department surrounding Asunción, as allies in the struggle for decentralization.

## The Constitutional Convention

In the period before the Convention, the various political parties, political institutions, and activists in civil society prepared their own draft proposals and partial proposals to submit to the Convention for consideration. An analysis of these proposals clearly shows the reluctance of the national political parties and most state institutions to incorporate a vision of a decentralized state into the new Constitution. This fact makes the success of the so-called ‘campesinos’ all the more extraordinary. Ramiro Barboza writes that:

The strong pressure that the base organizations from the interior of the political parties began to exercise undoubtedly transformed (decentralization) into an idea of transcendental importance, given that it was born from bottom to top, entirely contrary to the theory of the creation of a reform of the State, converting it therefore into one of the most sweeping topics within the National Constituent Convention (1993, 775-776).

Given the prominence of the Colorado Party at the Convention, it makes sense to begin with a discussion of its proposals regarding decentralization, to see just how far the Convention departed from the ideas of the national elites. The vision of the departmental government in this proposal is one similar to that of the French departments before decentralization. The departmental executive was to be called the “Prefect,” who would coordinate the actions of the central and regional government, implement central government decisions and those of the Departmental Junta, and would represent the department (Barboza 1992, 711-712). The leader of the Colorado bench, Oscar Paciello, defended the word ‘prefect’ as referring to “the person who is to take care that certain positions are appropriately carried out.” He also pointed out that “*the departmental authority rules nor governs anything*. It only coordinates the work of the autonomous organs established in the indispensable nexus with the central government, in this way organically impeding the disordered situation we can appreciate today” (Paciello 1992, 98-100, cited in Barboza 1993, 797-798). The primary powers of the departmental government would be the coordination of central government activities in the department, the elaboration in coordination with the municipalities of the departmental development plan, and the administrative tutelage of the municipalities, with the power to intervene the administration of a municipality. The Colorado project is most striking in the way it attempted to create a departmental government that would exercise tutelage of the municipalities. The figure of the prefect, although elected in the department, was clearly to be tied directly to the President of the Republic. This version of ‘decentralization’ appears designed to reclaim some of the minimal autonomy that the municipalities had achieved since 1989.

Neither the PLRA or the CPT presented plans that looked very much like what was actually adopted. In the Convention itself, the PLRA presented a plan that also calls for the office of prefect, with similar functions as those described in the Colorado plan. The CPT plan was based on the idea of incorporation, that municipalities and departments could choose to incorporate or not. Should they do so, they would then be given considerable autonomy.

The CCC plan was structured along the lines of that of the Colorado Party, but it spelled out the ample powers of the governor, rejecting the idea of prefect. This governor would not be a representative of the executive branch of the central government, a feature that does appear in most of the other plans and also appears in the Constitution.

One thing most all plans had in common was the rejection of the previous system of departmental governance. Under Stroessner, the President of the Republic had the power to name the Delegates of Government, who oversaw the national police in the department and represented the political interests of the central executive. In practice, the institution was associated with the worst aspects of the dictatorship, such as illicit enrichment, capricious and authoritarian decision-making, and illegal detention and torture. Even for Colorados, the Delegate was often a fearsome figure, able to intervene in local party affairs and to limit the autonomy of party leaders who sought any breathing room from the dictator's heavy hand. The only exception here was, unsurprisingly, the plan presented by the Executive Branch, which did little except to change the name of the office from 'delegate' to 'governor'.

Given this general rejection of this type of tutelage, the environment to argue for a democratic and autonomous local executive was favorable. The plan that came out of the draft committee is remarkable. It speaks of departmental governments made up of a governor and a junta, both elected directly by the residents of the department. Article 161<sup>1</sup> does include the provision that "the governor represents the central executive in the execution of national policy." The departmental government has the powers to coordinate the activities of the municipalities, organize common departmental services, prepare the departmental development plan, coordinate departmental action with the activities of the central government, and create the Departmental Development Council (Article 163). The resources of the departmental government were left for future enabling legislation to determine.

The structure and function of the Departmental Junta was debated in the Convention, but the final text of the Constitution leaves this institution very poorly described. Junta members often expressed their sense of being "orphans of the Constitution," without clear functions to present either to the electorate or to the governor. The draft commission produced three reports on the format for election of the Junta, two of which were based on the idea that the Junta would be made up of representatives of the various municipalities. Opponents of this idea from the PLRA, who favored a department-wide district with proportional representation, campaigned to leave the decision for future enabling legislation, as was often done in the writing of the Constitution (Convención Nacional Constituyente No. 28 1992, 7-8). Under a municipality-based system, which would essentially have been a single-member district system, the Colorado Party would likely have dominated most of the Juntas.

Besides the creation of departmental governments, another important decentralizing element of the new Constitution is the establishment of departmental election districts for the Chamber of Deputies. Thus the lower house takes on the function of regional representation in the new regime. Each department, as well as

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<sup>1</sup> Article numbers here are from the final Constitution. Draft committee articles numbers are not the same.

Asunción, is apportioned a number of deputies based on population. The deputies are then elected by proportional representation from party or movement lists at the departmental level. The quality of proportionality varies greatly, given that the largest department, Central, has seventeen seats, while four departments have only one representative and four others have but two.

As with the proposals for departmental government, most of the proposals for the structure of representation in the Chamber of Deputies fell well short of the decentralized results of the Convention. The Colorado Party and the CPT, among others, proposed proportional representation based strictly on national lists. Others, including the PLRA, called for a mixed system of national and departmental lists. Interestingly, only the Executive branch proposal called for a purely departmental electoral base of the lower house.

In the Convention itself, movement was towards the idea of departmental representation. The sub-commission of the draft committee produced three reports. The first, sponsored by three Colorado delegates, two from the interior, looks very much like the final product. The second, sponsored by Bernardino Cano Radil (Colorado) and Emilio Camacho (CPT), proposes national lists. The third is the PLRA's mixed system of representation. The draft committee itself adopted the first proposal, although any mention of a residency requirement in the department was removed. Thus, Oscar Paciello could defend the Draft Committee proposal in the plenary based on the argument that the deputies elected need not be from the district they represent. Paciello addressed the "fear ... that (a territorial based system of representation) could signify ... a denaturalization of the proper function of parliamentary representation of the Lower Chamber" (Barboza 1993, 1084). Apparently, the possibility of party control over nominations and the distribution of those nominations overrides those fears and makes the system acceptable to the national party leadership.

#### Elections and the Establishment of Decentralized Institutions

In the national elections of May 15, 1993, the Colorado Party won twelve of the seventeen gubernatorial races, as well as the presidency. The PLRA won four gubernatorial elections, in the departments of Concepción, Cordillera, Central, and Amambay. The Encuentro Nacional Party (PEN), heir in part to the independent movements of the municipal and constitutional convention elections, won the governor's race in the department of Boquerón. While the Colorados won the most Junta seats, 79 to the PLRA's and the PEN's 30, on most of the juntas no single party actually won a majority. The Colorados won the majority in only Guairá and Alto Paraguay, while the PEN took the majority of seats in Boquerón. Meanwhile, the opposition won the majority in both chambers of Congress. In the Chamber of Deputies, the Colorados won 38 seats to the PLRA's 33 and the PEN's 9.

Before these new governments and officials were inaugurated on August 15, the out-going Congress wrote the enabling legislation under which the departmental governments would operate. Organic Law of the Departmental Government (No. 214/93) was passed by Congress in July 1993. Several provisions of this law give the departmental governments a purely administrative character. Article 2 says that these governments "complete the functions of coordination and administrative decentralization, complementing the action of the municipalities and their interrelation with the (central)



executive power.” Article 5 says that the departmental government “will develop its action submitted to the unitary character of the Republic, established in Article 1 of the National Constitution.” Article 6 requires the departments to adopt simple and brief procedures. Article 8 refers questions of procedure and responsibilities not covered in Law 214 to the Organic Municipal Law (No. 1294/87), creating possibilities for considerable conflict given that the two institutions are distinct and in some ways natural competitors.

One of the first projects of the new governments was to seek changes in Law 214. Most of the departmental officials found the organic law lacking specificity but yet too constraining in the description of their functions. Counting on the newly elected Congress, and especially the Chamber of Deputies, the governors lobbied for a complete revision of the law.

In the 1994 session of Congress, a new organic law, No. 426/94 was passed (Báez R., González, Cáceres López 1995). This law removes most of the provisions mentioned above. Article 2 now refers to the *political* and administrative functions of the territorial divisions, and Article 5 terms the character of the State as “unitary, indivisible and *decentralized*.” Another important change in wording corrects Law 214’s statement that the Governor “represents the (central) executive branch ... in conformity with the orientations, directives, and instructions of the President” (Art. 18, paragraph c) to refer simply to the President’s “directives” (Art. 17, paragraph c).

Even more important than these changes were the additions to Law 426 describing the financial resources of the departments. Law 214 left pending many of the sources and percentages that would be assigned to the departmental budgets. Law 426 moved to clarify these issues. The most important new sources are now the departments’ 15% share of the value-added tax (VAT) collected in the department (Art.34, paragraph l), the 15% share of the property taxes collected by the municipalities in the department (Art. 36), and the 30% share of the proceeds from games of chance operated in the department (Art. 40).

President Juan Carlos Wasmosy partially vetoed this revised organic law, but was overridden in Congress. Wasmosy objected to several of the provisions regarding funding, such as sharing control over resources from games of chance and the transfer of VAT money to the departments. The President also vetoed provisions that allow for the transfer of public services to the control of the departments and a change in wording from Law 214 from gubernatorial “vigilance” of central government activities in the department to “supervision” of those activities. Wasmosy earned for himself the reputation of a centralist with this veto, and was harshly criticized by governors, such as Luis Wagner of Central, as well as by members of his own party in Congress. Deputy Atilio Von Knobloch (PEN-Itapúa) noted that, given that the members of the lower house come from the interior, “the override was predictable” (*Diario Hoy* 1994; *ABC* 1994).

However, over the last two years the departmental governments have more often than not been disappointed by the failure of the Chamber of Deputies to support demands for increased decentralization. Two somewhat contradictory perceptions of the behavior of the deputies have developed. In interviews conducted by Alejandro Vial with political and social leaders, the deputies are often perceived to be excessively local and parochial in their role perception. Alternatively, some of these leaders see a “perversion of the decentralizing idea” in the behavior of the deputies from the interior. “Instead of the advantages for decentralization in the promotion of policies that express the urgent

socioeconomic needs at the local level, the deputies that have arrived in the lower house are regional *caudillos*, producing a pattern of local reproduction of the centralism of the capital” (Vial 1994, 213-214). The majority of the Departmental Junta members refer to the Chamber of Deputies as hostile to decentralization and as being responsive primarily to the national political party organizations.

There have been some important exceptions to this pattern. Deputies from the departments of Alto Paraná and Itapúa, representing all three parliamentary parties, have submitted legislation that would redirect royalty payments from the huge hydroelectric projects of Itaipú and Yacyretá to the departments and municipalities directly affected by these binational enterprises. These deputies produced a pamphlet that calls on the citizens of the four departments most affected (Canindeyú, Alto Paraná, Itapúa, and Misiones) to rally in support of this bill. “It is time that the oft-mentioned decentralization in Paraguay stop being tricky rhetoric of politicians used at the hour of seducing votes,” cries the pamphlet. At a meeting in Encarnación called to mobilize support for the bill, the sponsoring deputies explained the “hook” used to draw support from deputies representing the departments not directly affected by the big dams by offering their departmental governments a cut in the revenues. The specific goal of this meeting was to organize a lobbying campaign in the Chamber of Deputies, with all of the municipalities, departments, and organizations that represent the national memberships of the departmental and municipal Juntas, the mayors’ and governors’ conferences writing letters to the lower house. This kind of lobbying campaign was clearly a novel idea to many of the local politicians. Some argued for applying pressure on the central administration rather than on Congress, as it is the central administration most opposed to sharing the royalty fortunes. Deputy Paraguayo Cubas (PEN-Alto Paraná) explained that the opponents of this legislation would pressure Congress, and that supporters had to respond in kind. All participants however recognized that it would be even more difficult to win passage of this bill in the Senate. As one deputy observed, “it’s tough to get your hand into the central government’s (money) jar.”

Another important exception has been the support for decentralization provided by Deputy Juan Carlos Ramírez Montalbetti (PLRA-Guairá), President of the Chamber of Deputies for the 1995-96 session. Ramírez was instrumental in forming a National Commission on Decentralization, with the goal of articulating a global approach to legislation to resolve conflicts between the central government, the departments, and the municipalities (Honorable Cámara de Diputados 1995, 3). However, such initiatives still depend on the initiative of individual deputies, who serve only one year terms in the rotating leadership of Congress.

The Chamber of Deputies tends to vote against the wishes of the departmental governments on important legislation, as in October 1995 when the Chamber rejected legislation that would have channeled housing money through the Central departmental government and its municipalities, instead placing the Ministry of Interior in charge of this project. José Nicolás Morínigo interpreted this vote as a desire by the lower house to keep patronage resources in the hands of the executive branch and the Colorado Party, rather than decentralize such resources to governments controlled by the opposition (Morínigo 1995, 8). In May of 1996 the Chamber rejected legislation for the decentralization of health services, even though the bill was supported unanimously by the departments (*Análisis del Mes* [May] 1996, 11).

## Departmental Government

The departmental governments began in 1993 with few resources of any kind. They lacked finances, equipment, a clear legal regimen, and even a mandate, except to relegitimize government. Many of the new governments had to deal with the most basic questions of organization, such as finding a meeting place. The old Delegations of Government were ceded to the departmental governments, but this resource has not always been the most appropriate one. The seat of government of the department of Caaguazú in the city of Cnel. Oviedo, for example, is crowded into a building that still houses the barracks of the National Police and the prison. Given the association of the building with the previous occupant, Stroessner's Delegate, and its current arrangement of space, one does not feel invited to enter and speak with the representatives of local democracy. This arrangement is characteristic of the majority of the departmental governments.

Within these quarters, space provided for the Juntas is even more restricted. While in several departments the juntas have rented their own buildings, in the majority the Junta meets in a small room tucked into the recesses of the old Delegation building. By the same token, investing in the necessary infrastructure is not popular, and the Juntas have had to deal with constant complaints about their cost compared to very low yield in the way of problem-solving for the citizenry.

The juntas that were elected generally were made up of people with limited political experience. In my non-random sample of 43 Junta members, only ten reported previous service on a municipal junta, and four had served in some capacity at the national level, such as on the national party directorate or at the Constitutional Convention. The majority (22) had had only local party experience, as members of the Colorado "sections" or PLRA "committees." The top-down command structure of the national parties was reproduced in the attitudes of some Junta members as they waited for directives from superiors as to what actions to take.

The most common occupation of the surveyed Junta members is in business or commerce (14). However, twenty members can be grouped together into the category of professionals (politicians, lawyers, doctors, engineers, teachers and journalists). Eight members come from financially more precarious backgrounds, including employees, workers, students, and a street vendor. The peasantry is hardly represented at all on the juntas. However, the Junta of Boquerón, from which only one member responded to my survey, does include two indigenous men, two Mennonites, one 'Paraguayan' peasant, and two 'Paraguayan' professionals, one of whom is a woman.<sup>2</sup> Women hold only nine of the 167 Junta seats nationally.

The vast majority of the Junta members are from the towns of the interior. Fifty-seven live in the departmental capital, while ninety-nine live in other towns and cities. Only two junta members can clearly be identified as living in rural areas, and three members actually live in other departments.

I asked the surveyed junta members what the most important achievements of the Junta and their own work as members had been, and what some of the most important

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<sup>2</sup> The parties in this department sought to provide ethnic balance to their slates. The Junta itself has developed the terms "Indigenous Paraguayan," "Mennonite Paraguayan," and "Paraguayan" to refer to the ethnicity of the department's distinct groups.

problems and constraints have been faced. Regarding the most important achievements, seventy-nine separate responses (many gave multiple responses) were coded into categories of activities. The most common response (19 examples) referred to specific projects, such as aid to school construction, road building, and the like. Within this category at least four instances of directing projects to the home town are identifiable (three of these from the Central department). Eight Junta members mentioned their work on the environment, which has become one of the most important spheres of activity for the departmental governments..

Considerable attention was given to the institution-building and legitimacy-building functions of these first Juntas. Seven members made reference to having gained legitimacy in the department for the Junta. Seven more mentioned specific institution building, such as acquiring materials, technical skills, and the like. Yet seven more referred the positive internal functioning of the Junta, the ability to cross party lines and to work as a team, as an achievement. Four mentioned building democracy through outreach to the citizenry, and three counted the struggle for financing as itself an achievement.

Other achievements noted include general representation of the people of the department (2), fighting for peasants on land issues (6), and lobbying Congress (3). Another category of responses deals with the oversight function generally ascribed to the Junta. Four members noted either coordination or oversight of the field services of the national government as an accomplishment, although only one mentioned oversight and control of the Governor's activities. Two more noted their role denouncing corruption. Finally, belying the previous discussion of the Chamber of Deputies, one Junta member noted the collaboration maintained with the departmental deputy, the Governor, and the municipal governments in the department.

There is much greater agreement among respondents on the problems the juntas face. Fifty-seven of the eighty-four separate responses were accounted for by just three answers: lack of financial resources (22), lack of clear organic laws (22), and the centralist political culture of the central government, and in some responses, of the Paraguayan people. As one respondent wrote: "the gravest problems (include) the savage centralism that we are accustomed to in a semi-feudal country." The only other response to be mentioned by more than three Junta members was to note problems with the Governor. Indeed, there have been some strong conflicts between junta and governor in some departments.

### Relations with Other Institutions

I asked the junta members to characterize their relations as a collegial body with the Governor, the mayors in the department, the municipal juntas in the department, the Departmental Development Council, and the field services of the central government. Answers were then coded as describing either no contact, conflict, cooperation, or close relations. Relatively few members reported conflict with the Governor (9), while nineteen respondents reported close relations. Partisanship explains part of this pattern, as only two junta members of the same party as the Governor reported conflict with that Governor. On the other hand, eight opposition junta members reported close relations with the Governor.

Much of the relationship between the two institutions of departmental government depends upon the personality of the Governor. Several departments with Colorado governors, such as San Pedro, Paraguarí, and Alto Paraná, produced few reports of

conflict even among opposition party members of the junta. Governor Herminio Cáceres of Paraguari seems to have done a particularly good job of communicating with the Junta and including the Junta in the operations of the government. PLRA governors have had more difficulties. The Central department is governed by Luis Wagner, a dynamic individual with a high profile in the international aid community and within his party. Wagner has done more than most to advance the functioning of the departmental government, but could also be seen as politically ambitious. The Junta in Central has 21 members, with several factions of both the Colorados and PLRA represented. Thus it is perhaps uniquely subject to divide and conquer strategies by an obviously talented governor. Most problems with governors, of either party, from the point of view of the juntas is that the local executive reproduces the presumed tendency in the political culture to single-person rule and simply refuses to recognize a viable function for the Junta. In many cases cooperation has improved over time.

Relations with the municipal governments have been marked by a degree of tension. Relatively few Junta members reported cooperative or close relations with the mayors (39%) or with the municipal councils (27%). In many cases relations were mostly non-existent (28% and 30%, respectively), or conflict-ridden (33% and 43%). Junta members often described the municipal governments as jealous of their own role, which has been transferred into a financial problem for the departments as some municipalities have not made the 15% of property taxes available to the department. There is also some jealousy on the part of the departmental governments, as the larger cities of the interior have budgets much larger than do the departments themselves.

Relations with the central government's field services are also described by many members as based on conflict. Fully 57 % of respondents saw the central government's representatives as in some way antagonistic towards decentralization. However, this question should have made a greater effort to differentiate the various agencies. Many members might complain generically of the executive branch, or specifically of the National Police. On the other hand, the Ministry of Health has proved to be cooperative in most areas in advancing the deconcentration of its services and even the decentralization of political responsibility for these services.

The question about relations with the Department Development Council, which I hypothesized to be a corporatist competitor of the pluralist juntas, produced little information since very few departments had established these councils by late 1995. Junta members I spoke with did not accept my hypothesis and welcomed the future creation of the development councils.

Finally, internal relations within the Juntas were, based on observation, mostly collegial and positive. Given that the Juntas are very small bodies single individuals can have important positive or negative effects on the ability of the group to function. In three of the sixteen departmental sessions I visited, the authoritarianism of the Junta President, a post that rotates each year, clearly diminished the capacity of the Junta to pursue collective goals. Partisanship was also observed to be a paralyzing problem in at least two juntas, and was a significant factor in several others. However, the importance of these difficulties may be hard to estimate. I arrived in Concepción to attend the first session of the Junta after the resolution of a bitter partisan dispute about control of the Junta presidency. The dispute was resolved, and the Junta seemed to move forward through its agenda without further difficulties.

## Efficacy

What have the departmental governments achieved in the way of development and the provision of services specifically designed to meet local needs? Has decentralization showed signs of improving the quality of governance in Paraguay?

The answers to these questions are clearly connected to the resources available to the departmental governments. While it is certainly true that with creativity and energy the local governments can achieve significant programs of interest to their constituents (*Análisis del Mes, Anuario* [December] 1996, 8), a permanent lack of resources undermines the capacity of government globally.

Small budgets and stingy distribution of resources from the Ministry of Finance have been a constant source of conflict between the departments and the central government. For 1995, the total budget for the seventeen departments was G28.747 million (G=guaranies), or approximately US\$24 million. Individual budgets ranged from Central department, with a budget of G2.380 billion, to Ñeembucú's budget of only G1.370. Size and population of the departments is only a minor factor in the arrangement of the budgets. For instance, the thinly populated and isolated department of Alto Paraguay had the second highest budget for 1995 of G2.111 billion (Ley No. 525/94 1994).

Budgets grew for 1996 to a total of G71.435 billion, ranging from G8.883 billion for Central to 2.641 billion for Guairá (*Análisis del Mes* [September] 1996, 9-10). However, these figures reflect only the funds approved, not those actually distributed. In June of 1996 the Ministry of Finance pared back budgets by 30% due to shortfalls in revenue collection. Only G49.869 was actually distributed to the departments. For 1997, the departments pared their own budget requests to a total of G71.161 billion, a nominal decrease in funds requested. The department budgets range now from a high for Alto Paraná (G9.033 billion) to a low for Pdte. Hayes (G2.476 billion, or only about a 33% increase from 1995 to 1997) (*Análisis del Mes* [June] 1996, 11).

When compared to the total national budget and the budgets of the municipalities, the departments clearly are resource starved. For 1995, the departments accounted for less than 0.9% of the national budget. This figure grew to almost 2% for 1996 (1.92%), although the departments' budget share declined slightly for 1997 (Borda 1995, 11; *Análisis del Mes* [December] 1996, 11). For Paraguayan politicians interested in decentralization, the relevant figures for local government shares of total national budget are drawn from countries like Colombia, where it is reported that nearly 25% of the national budget is controlled by the municipalities and the departments (Nickson 1995, 43). Gabriel Aghon of the United Nations Economic Commission for Latin America reports that the average budget share for local governments in all of Latin America is approximately 11%, compared to only about 4% (departments and municipalities) in Paraguay (Aghon 1995).

Not only are the budgets small, but actually claiming them has consumed much of the political energies of the local governments. As recently as December 1996 Governor Wagner filled a complaint with the Comptroller General of the Republic against the Ministry of Finance for illegally retaining 40 billion guaranies of VAT revenues. Finance has argued all along that the problem is a technical one, given that the law requires the departments to share in the VAT *collected* in the department, rather than that generated in the department. Under this interpretation, most of the VAT is actually *collected* in Asunción. However, *Análisis del Mes* correctly interprets the problem as political.

For its part the Ministry of Finance seeks to establish absolute control over resources, and for this reason ‘it does not comply with its obligation to inform and permit the control and coordination in the collection of tribute.’ For their part, the departmental governments are trying to assume an active role in collecting the VAT, which would obviously bring an important income to the vaults of the regional powers (December 1996, 8).

Given these constraints, it is not surprising that the yield from the departmental governments in the way of development has been limited. Noteworthy is the fact that some of the most innovative and attractive projects have resulted through the ability of the governors to attract international aid. Some examples include an integrated health planning and development program implemented in the department of Concepción through cooperation between the Ministry of Health and Social Welfare, the departmental government, the World Health Organization, and the Pan-American Health Organization; cooperation between the Department of Misiones and the Uruguayan department of Colonia in the development of milk production; the government of Misiones has also attracted Spanish investment for the expansion and improvement of rice production in the department; the Central Department has engaged in a variety of international relations, for example with the Republic of China for floriculture development and with the government of the city of Buenos Aires to improve the marketing of Paraguayan products; and finally the government of the department of Boquerón has utilized the ties developed by the Mennonite cooperatives to attract aid from government of the Federal Republic of Germany, the Argentine province of Salta, and the international Food for Work Program to invest in integrated development programs in both peasant and indigenous communities, endangered species conservation, and infrastructure development.

Without international aid, the departments depend on the willingness of the central government ministries to cooperate in administrative decentralization. Here the Ministry of Health has taken the lead, and the departments have successfully lobbied for a greater role in the deconcentration of the activities of the Ministry of Education. When left entirely to their own resources, the department focus on relatively small scale public works projects.

The juntas have had a very difficult time in presenting themselves as necessary for the successful activities of the departmental governments. In mid-1995, Esteban Caballero noted that “the departmental juntas really ... are having great difficulty in finding a reason to exist, because they can not legislate over anything.” This is because the juntas lack clear and effective legislative power, and thus have turned their energies on overseeing the operations of the governors, which generates conflict. To date, Caballero noted, the investment in especially the juntas had been in “fixed capital” of simply setting the institution up, rather than in “productive investment” (*Última Hora* 1995, 6). José Nicolás Morínigo, writing the annual review for *Análisis del Mes* at the end of 1996, found little positive in the actions of the juntas:

that which ... has demonstrated frightening(ly little) capacity are the Departmental Juntas, which are organs that contribute nothing to the

achievement of institutional objectives. ... one should think seriously in the possibility of a substantive change in the conformation of the Departmental Junta, which should constitute itself into a mechanism of linkage to the municipalities by means of councilmen as representatives of the municipalities. In this way resources would be saved and it would enhance the capacity for coordination with the departmental administration (*Análisis del Mes Anuario* [December] 1996, 8).

A cabinet officer of one of the departmental administrations put it that “we are brokers, but brokers in luxury. It costs money to set up a departmental government.”

Legislative output by the Juntas has indeed been limited. One area in which the juntas have become quite active is in the defense of the environment. Activity in this area demonstrates both the possibilities for a positive political entrepreneurship by the junta members, and also the real limits on the authority of the juntas.

### Democracy

Have the departmental governments improved the quality of democracy in Paraguay? Does civil society look to this new institution as a responsive and appropriate channel for demand making? I hypothesized that the electoral structure of incentives would encourage departmental officials, especially junta members who can be re-elected, to build local party bases and to seek to strengthen the institution by connecting it to civil society. Does the evidence support this hypothesis?

I asked the junta members whether “civic organizations come to the Departmental Junta to share ideas and make demands?” The structure of this question perhaps encourages these politicians to respond positively, and most of them do so. The vast majority of the ‘civic organizations’ that appeal to the juntas or the governors are community school, road, and health committees, formed to raise funds for these particular projects. They might ask the departmental government to provide funds for such things as a new roof for the school house or books for the children, a road grader or money to build a bridge, or help with attracting support from the Ministry of Health to build a health post. Other organizations, such as sports clubs and high schools, might ask for symbolic support from the Junta by declaring an event to be “in the interest of the department.” Finally, communities that have suffered natural disasters have appealed to the departmental governments for emergency aid and assistance with rebuilding.

One practice that has been implemented by the national Congress is to hold “working days” in the departments. These events are hosted by the departmental government, and provide opportunities for local politicians and citizens to present demands to Congress. Most of these demands are for specific divisible goods of the type already mentioned. Seldom are more global proposals for legislation or general policy direction made at these meetings. Some departmental governments have implemented similar practices. Most notably, the Junta of San Pedro has held at least one of its weekly meetings in each of the twenty municipalities of the department, and the Governor temporarily moved the seat of government for one month from the rather isolated capital of San Pedro de Ycuamandyyú to the more centrally located town of Choré. The legislative impact of these events is not very great, nor do they articulate a vision different from the well-known pattern of patron-clientage for the relationship between elected



official and citizen. But they do increase the visibility of the representatives as a corporate entity.

Many junta members complain of primarily filling the role of broker. Lacking resources of their own to address social problems, the departmental governments take it upon themselves to channel requests to agencies that do have resources. This is a function that was filled by the sections of the Colorado Party during the dictatorship, in a way that both sanitized and demobilized demand making. Now, linkage between society and the bureaucracy that actually controls resources is mediated by institutions not directly under the control of the central government, and officials of the departmental governments have expressed frustration at getting the bureaucracy to move. This has been especially true of the departmental governments of Central and Boquerón, both governed by the opposition and both active and creative in defining a role for themselves.

Brokerage has been particularly characteristic in situations of social conflict. During the field research, Governor Erico Ibañez (Colorado) of San Pedro spent considerable time and energy dealing with peasant land invasions and violence between police and peasants. Ibañez I believe performed effectively in negotiating truces between peasant organizations, land owners, and agencies of the central government, with little more in the way of power than his title.

Sustained contact between non-governmental organizations (NGOs) and the local governments, becoming common in much of Latin America (Reilly 1995), is quite rare at the departmental level in Paraguay. I found two NGOs from the interior working to influence the departmental governments and providing some help with the very scarce resources of information and technical assessment. One widespread problem is the junta ordinances being returned by the Governor for corrections due to their technical flaws. An NGO in Cnel. Oviedo has been active in supporting the Junta in the details of writing legislation. Several NGOs in Asunción have also been engaged in support activities, as have international governmental and non-governmental organizations. The juntas also formed their own professional organization, the Association of Departmental Juntas of Paraguay (AJUDEPA), which has facilitated seminars and training workshops for junta members with outside agencies.

Clearly, the need to legitimize their functions has led the departmental governments to seek to connect themselves to the citizenry, in spite of the small resource base from which to operate. However, it is not clear that the Junta members have been very active in the function of political education motivated by desire for re-election. I also did not observe active party building by junta members, leaving this function in the hands of the national parties. Numerous junta members said that the councils elected in 1998 will have the luxury of pursuing real legislative impact and building political links, after the current juntas have done the hard work of building the basic infrastructure of the institution. Observing the nomination and candidacies for the positions of national deputies and departmental juntas in 1998 will help answer the question of the impact of political incentive structures. For now it appears that the departmental juntas have not done much to break the hold of the national parties in these processes.

## Conclusions

My preliminary assessment is that decentralization has not as of yet achieved the goals of improved administrative efficiency and local democratization, although it has

perhaps achieved the goals of the local elites who promoted the concept in the first place (*Análisis del Mes* [January] 1997, 10). While the departmental governments have been active in a number of fields, they have not been able to provide a substantively different model of administration or of politics in the interior. The Paraguayan people and most of the political class were not prepared through a social movement or through a coherent campaign to comprehend, or even care much about, decentralization. The new governments were established without budgets and without a clear legal framework in which to operate. The juntas were conformed by party lists that reflected simply another level of patronage, and the Chamber of Deputies has responded overwhelmingly to central party interests rather than to local electoral coalitions.

However, I feel it is still too early in the process to reject the hypotheses. The first year of a decentralized state saw the new governments struggling with very basic issues of institutional-building. The departmental governments needed office space and supplies, vehicles, and a basic physical infrastructure. While still primitive, these are now more or less in place.

These governments still lack effective methods of gathering information and receiving technical assessment. This is an area in which non-governmental organizations can be extremely helpful, but the NGO's must first see the departmental government as an effective instrument of governance before they will be attracted to lobby the juntas. There has been some nascent development on this score, particularly in regards to environmental policy.

Finally, the junta members required a period of role adoption. As lower-ranking members of hierarchical political parties, many junta members waited for a role to be assigned them. As a group, they have been slow to perceive themselves as inventing a new role. However, the candidates for governor are already positioning themselves for the May 1998 elections, and they will certainly need to push for more decentralization of services and resources to meet their campaign promises once elected. The Encuentro Nacional party has also included decentralization as one of its campaign planks for these elections (*Análisis del Mes* [January] 1997, 8). The political logic of strategic interests in greater decentralization may be stirring. I agree with the assessment made by many junta members themselves, that the juntas elected in 1998 will have a more dynamic perception of the nature of the office, and will have greater reason to push for the building of truly local constituencies that can then pressure the institutions of the central government.

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