

REGIME BUILDING AND CONSOLIDATION IN PARAGUAY:

In Perspective of Agrarian Legislation

1954 – 2008



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SUMMARY/RESUMEN

Esta tesis examina el desarrollo histórico de la construcción y consolidación del régimen en Paraguay durante el periodo de 1954 – 2008. Este periodo está comprendido por dos distintivos regímenes-épocas; el periodo dictatorial del General Alfredo Stroessner comprendido desde el año 1954 a 1989 y la introducción de la democratización seguida a la caída del régimen del General Stroessner. Construyendo una síntesis histórica, la tesis se enfoca en explicar y denotar los factores internos de este desarrollo en cuestión. Esta analiza la estructura institucional de estos regímenes-examinando la relación jerárquica entre las instituciones dentro de esta estructura como un todo, a la par que examina las relaciones entre los regímenes y los intereses de grupos políticos, económicos y sociales como actores potenciales de cambios institucionales. La teoría de Douglas C. North sobre instituciones y cambios institucionales es aplicada como una herramienta analítica en el entendimiento de la construcción y consolidación de este tipo de regímenes en un nivel más elevado.

Usando como base este marco institucional analítico, la tesis examina el desarrollo en la construcción de estos regímenes y en la consolidación en perspectiva de una legislación agraria. Entre los años 1954 a 2008, Paraguay se ha mantenido como sociedad principalmente rural. La agricultura constituye la maquinaria principal del crecimiento económico nacional, al mismo tiempo proveyendo de una fuente vital de supervivencia de la población, especialmente la rural. La tesis reconoce la regulación de recursos agrícolas y a esta actividad como un componente principal en la búsqueda de estabilidad política y legitimidad en los dos regímenes-épocas. En el periodo del General Stroessner la legislación agraria está interpretada desde su valor político como instrumento de control y como una expresión del carácter de su régimen. Bajo bases de democratización la tesis examina la legislación agraria como teniendo una función, a la par de estar constituyendo una expresión, de los mecanismos que trabajan en una democracia emergente.

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ABBREVIATIONS AND ACRONYMS

| | |
|-----------------|---|
| ANAPRO | National Association of Property Owners (<i>Asociación Nacional de Propietarios</i>) |
| ARP | Rural Association of Paraguay (<i>Asociación Rural del Paraguay</i>) |
| CDE | Centre of Documentation and Studies (<i>Centro de Documentación y Estudios</i>) |
| CDR | Council of Rural Development (<i>Consejo de Desarrollo Rural</i>) |
| CONAPA | National Coordination of Agricultural Producers (<i>Coordinación Nacional de Productores Agrícolas</i>) |
| CONCODER | National Council of Rural Development (<i>Consejo Nacional para el Desarrollo Rural</i>) |
| IBR | Institute of Rural Welfare (<i>Instituto de Bienestar Rural</i>) |
| INCORA | National Institute of Colonisation and Agrarian Reform (<i>Instituto Nacional de Colonización y Reforma Agraria</i>) |
| INDERT | National Institute of Rural Development and Land (<i>Instituto Nacional de Desarrollo Rural y de la Tierra</i>) |
| IRA | Institute of Agrarian Reform (<i>Instituto de Reforma Agraria</i>) |
| MCP | Paraguayan Campesino Movement (<i>Movimiento Campesino Paraguayo</i>) |
| NEIKE | National Seminar of Agrarian reform (<i>Seminario Nacional sobre Reforma Agraria</i>) |
| ONAC | National Campesino Organisation (<i>Organización Nacional Campesina</i>) |
| PROMODAP | Program of Agricultural Modernisation (<i>Programa de Modernización Agropecuaria</i>) |
| SENTDER | National Secretary of Land and Rural Development (<i>Secretaría Nacional de Tierras y Desarrollo Rural</i>) |
| UNC | National Campesino Union (<i>Unión Nacional Campesina</i>) |

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1. CHAPTER 1: INTRODUCTION

1.1 Theme and Research Questions

“In Paraguay, there was democracy. A fully democratic system, with absolute independence of the judges and the parliament. Then there was great progress. Great progress. Development.”[...] I do insist that in Paraguay there was order; the judiciary had the power of complete independence; justice was fully exercised.”¹

These were the words of the exiled General Alfredo Stroessner when asked about the nature of his rule in Paraguay between 1954 and 1989 in an interview for *Grant Magazine* in 1990, one of the few interviews he ever did. The interview portrayed Stroessner as a former dictator in disarray over political legacy that he had left behind. Infiltrating every aspect of Paraguayan life, Stroessner had become an integral part of the national identity. One may even argue that after thirty five years of rule Stroessner *was* Paraguay. However, in 1989 the seemingly irreplaceable leader tumbled from power in what appeared to be a sudden, unexpected and unprecedented change in Paraguayan political history. After centuries of authoritarian rule, a political regime based on democratic principle was introduced. Twenty years later, the democratic system is still in the making.

This master thesis addresses the regime building and consolidation processes in Paraguay between Stroessner’s ascendancy to power in 1954 and 2008. In such, it is a study of the Stroessner regime between 1954 and 1989 and the subsequent democratic political system up to present day. The analysis embraces both historical continuity and change in Paraguay by examining two ostensibly distinctly different political regimes; dictatorship and democracy, as well as opening up for a comparison between the two. When the Stroesser regime fell it was

¹ Alfredo Stroessner in an interview with Isabel Hilton. Grant Magazine, April 1990. <http://www.lasc.ie/news/dictator.html>. Read 10.05.09.

the longest lasting dictatorship in the Western hemisphere. Though his downfall was abrupt, decision makers in the emerging democracy inherited elements from the previous regime implicating severe constraint to the decision making arena in the new regime.

Though the political regime has changed, Paraguay has remained a predominantly rural society. Agriculture is still the main component of the national economy and the basic source of survival to the majority of the population. Moreover, the perseverance of limited economic diversification and a low rate of urbanisation, have left agriculture largely to define the pattern of settlement and social structure. Agriculture's embeddedness in Paraguayan history and present day society makes it a unique case in order to conduct historical analysis. This is also the reason why the thesis will approach the topic of regime building and consolidation through the sector of agriculture. More precisely, it will look at how the agrarian legislation can be understood as an expression of the political regimes in their search for legitimacy and political stability through having a vital function in these processes. Agricultural legislation implies a distribution of resources and privileges. According to political theory, the distribution of central national resources constitutes a fundamental state-function. Such resources are often scarce. How regimes distribute these among their subjects is therefore of vital importance to their existence.² On a primary basis, the distribution of agriculture resources is regulated through law.

In accordance with the reasoning above, the main research question given for the thesis is as follows:

How can the historical development in regime building and consolidation in Paraguay in the period between 1954 and 2008 be understood in perspective of agrarian legislation?

² Waldron 1985: 327-328; Heywood 2003: 59-61.

To more specifically address the subject, the thesis operates with two subordinate research questions:

- (i) *how and why can agrarian legislation be interpreted as a political instrument in the search of regime building and consolidation under the Stroessner regime?*
- (ii) *how and why can the development in the question of a new agrarian legislation be interpreted as an expression of the mechanisms at work in the democratisation process in Paraguay?*

It is important to emphasise that the two secondary research questions examine the agrarian legislation both as an expression of and as having a function in the political regimes.

1.2 Defining Central Concepts

“Democracy and dictatorship constitute different ways of organizing political lives: of selecting rules, processing conflicts, making and implementing public decisions.”³

1.2.1 Authoritarian Regimes

Authoritarian regimes vary greatly in their manifestations, and can therefore not be defined as a distinctive political system. However, some basic common features exist to characterise a regime as authoritarian. Primarily, authoritarian regimes are recognised by their highly concentrated and centralised power structures. They are established through an act of force

³ Przeworski et al. 2000: 7.

and the ruling elite or single leader does not govern through popular consent. Moreover, political power is generated and maintained through the building of alliances and the repression of potential challengers –creating a system of high levels of political, economic, and social control. There are no guarantees for civil liberties in such regimes, and civil society is normally weak or non-existing. Authoritarian political systems can become impaired by not attending the demands of political supporters and of the inability to sufficiently repress the opposition.⁴ In the research literature the concepts ‘authoritarian regime’ and ‘dictatorship’ are normally used interchangeably, as will be the case in this thesis. Moreover, such regimes are often referred to as the antithesis of democracies.⁵

1.2.2 Democratisation, Democracy, and Democratic Consolidation

As authoritarian regimes, democracy is not an unambiguous phenomenon; it does not advance a single and agreed upon ideal of popular rule.⁶ As a type of regime, democracy has been identified and defined in terms of sources of authority, purposes served by government, and procedures for constituting government.⁷ Within this perspective, recent democratic theory has advanced a minimal, procedural understanding of democracy. A much used definition has been the one of Josef Schumpeter: “the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of competitive struggle for the people’s vote”.⁸ Democratic theorists since Shumpeter have however been dissatisfied with definitions of democracy that does not require more than voting. More attention has recently been put on the role of the wider implementation of democratic institutions.⁹ Such an understanding of democracy will also be at the basis of this thesis.

⁴ Linz 2000: 2; 159-161; Dominguez 2002: 1.

⁵ Gandhi 2008: 3.

⁶ Heywood 2004: 222.

⁷ Huntington 1991: 6.

⁸ Schumpeter 1943 quoted in Philip 2003: 2.

⁹ Philip 2003: 3.

The process of democratisation refers to the transition from a non-democratic regime towards the inauguration and consolidation of a democratic regime.¹⁰ Democratic consolidation is a highly debated concept, and its content is not agreed upon by scholars. A widely used definition has however been offered by Adam Przeworski, stating that a democracy can be understood as consolidated when under a given set of political and economic conditions the democratic system of institutions becomes the only game in town.¹¹

1.3 Perspective, Historiographic Traditions and Existing Knowledge

This thesis contains traits from various historiographic traditions. In theme and perspective it might be understood as part of classical political history. The study of the interaction between institutions and organisations in political development has been a central focus within this tradition.¹² Moreover, through the emphasis on theory as an analytical tool, the thesis also beholds elements traditionally attributed to the social sciences. The distance between history and theory manifested itself in a distinction between the historical discipline and the social sciences in the late 19th and first half of the 20th century. History was understood as a discipline characterised by an empirical approach in understanding the past.¹³ In recent decades history and social sciences have moved closer.¹⁴ Perhaps representative of its own context, this thesis ought to be understood as part of this new tradition in its dimension between history and political science.

On a general basis not much research has been conducted on Paraguay in comparison to the other Latin American countries –particularly from a historical perspective. The national

¹⁰ Huntington 1991: 9.

¹¹ Przeworski 1991: 26; Philip 2003: 7.

¹² Kjeldstadli 1999: 76.

¹³ Kjeldstadli 1999: 111; Burke 2005: 2-13; Jordanova 2002: 55-58.

¹⁴ Jordanova 2000: 2; Burke 2005: 16-20.

history of Paraguay has been a subject of great controversy through its traditional usage as an instrument of patriotism and the creation of myths around various authoritarian regimes.

Historical research on regime building and consolidation in the period between 1954 and 2008 has been scarce, in particular from a comparative perspective between the Stroessner regime and the emerging democracy. An important contribution has however been made by José Molinas et al. in their article *Political Institutions, Policymaking Processes and Policy Outcomes in Paraguay, 1954-2003*.¹⁵

In terms of the agrarian legislation, research has been mainly been conducted from a social science perspective. One historical contribution that is important to mention, however, is Carlos Pastore's *La Lucha por Tierra en el Paraguay* from 1972.¹⁶ This is a historical analysis concerning the struggle for land in Paraguayan national history up to the days of the Stroessner regime. Moreover, the agrarian legislation under Stroessner has been thoroughly studied from a socioeconomic developmental perspective. Two international contributions especially worth emphasising in this respect are Annelies Zoomers' *Rural Development and Survival Strategies in Central Paraguay* from 1988¹⁷ and J.M.G. Kleinpenning's *Man and Land in Paraguay* from 1987.¹⁸ The Paraguayan sociologist Ramón Fogel has been a driving force in the research on agrarian relations under Stroessner from a national perspective.¹⁹ So has another Paraguayan sociologist, Tomás Palau, who has focused on the political elements of the agrarian legislation during the Stroessner regime.²⁰ However, so far no systematic research on the political perspective of the legislation in this period has been conducted.

The democratic development in the country is fairly recent history. This may largely explain the lack of historical studies on the period. Research in relation to the agrarian development

¹⁵ Molinas et al. et al. 2006.

¹⁶ Pastore 1972.

¹⁷ Zoomers 1988.

¹⁸ Kleinpenning 1987.

¹⁹ Fogel 1989; Fogel 1992; Fogel 1996; Fogel 2006.

²⁰ Palau 1996.

under democratisation has mainly been concentrated on conflicts over land between rural interest groups and the Paraguayan State. A vital contribution to the study of this development is Quintin Riquelme's *Los sin tierra en Paraguay. Conflictos Agrarios y movimiento campesino*, from 2003. No research has to the best of this author's knowledge been conducted on the agrarian legislation during the age of democratisation.

1.4 The Analytic Framework and Methodological Challenges

A regime constitutes a specific way of organising political life. Articulated more specifically, a regime can be interpreted as the managing and defining of the character of the state. In a minimal definition, the state can be understood as consisting of a set of institutions, which again are organised internally in a hierarchy.²¹ The agrarian legislation examined in this thesis is analysed in relation to its function within, and as an expression of, the workings of this larger whole. In such, it needs to be specified that the agrarian legislation in this thesis is understood in light of the theory of legal positivism. This theory states that the origin and nature of any legislation is to be found within the framework from which it was created. Law is created to address a specific subject and has a specific purpose, and is the result of decision making conducted within a particular set of social rules.²²

Analysing the regime building and consolidation in Paraguay between 1954 and 2008 in relation to the agrarian legislation, the thesis can thus be identified as having an institutional focus. By looking at changes and development in the given regime's institutional frameworks, the analysis can be understood as seeking a genetic explanation to the historical development in question.²³ In particular, the development and changes in the agrarian legislation as part of this larger institutional whole will be explored, as well as the regulation of rural interest

²¹ Heywood 2004: 75-76.

²² <http://plato.stanford.edu/entries/legal-positivism/>. Read 10.05.09; Tebbit 2000: 10-11.

²³ Kjeldstadli 1999: 250.

groups through the agrarian legislation as an example and an expression of the relations between the regimes and political and social actors in the Paraguayan society. In the search of understanding the connections between the mechanisms at work within these processes, this can be understood as an ambition of constructing a historical synthesis of the development and change in the Paraguayan regime building and consolidation.

The use of theory as an analytic tool contributes to the process of thought, as a device in defining and characterising the relations between cause and effect, and can provide useful in organising argumentation.²⁴ In this thesis the theory of institutions and institutional change by Douglass C. North will be applied to be able to examine the regime building and consolidation in Paraguay on a meta-level. North's theory is particularly useful to this study as it provides an explanation for both the relation between institutional levels, as well as between institutions and political, economic, and social actors within a society. Most importantly, North's theory provides an explanation of historical change and development.

The framework presented above is relevant because it contributes to making more tangible the mechanisms and processes in the historical development under examination. Moreover it proves an important tool in making clear the dynamic and tension between different elements, at the same time as it makes clear the complexity in the underlying correlations.

²⁴ Kjeldstadli 1999: 310-311.

1.5 Sources

In the seven months between June and January 2008/2009 I was in the capital of Asunción in Paraguay conducting research for this thesis. The field study was grounded in the problems I encountered in the second semester of my master studies in the assignment of locating and analysing available and relevant sources to this project. It soon became clear the difficulties of gaining insight and access to these from such a far distance. However, the continuing search for sources in Paraguay came with its own challenges. First of all, the maneuvering in an unknown culture of conduct and the structure of the Paraguayan highly informal public administration made the quest for sources a lengthy process due to the lack of tradition for keeping archives. Moreover, the access to any official document was determined by the need to first establish a personal connection with the public official in charge, and sometimes as well by the ethical dilemma of having to pay an ‘unofficial fee’ for a speedy retrieval of the actual sources.²⁵

Moreover, the agrarian question in Paraguay is a highly sensitive topic. Though well known through the media and in society in general that corruption and other types of violent crime had been and continues to be common in agricultural issues, few were willing to provide relevant information through interviews or through other available sources in fear of incrimination. In particular, few sources were available from the Stroessner dictatorship as many of them were reported to have been ‘lost’ or misplaced. Finally, the lack of a regular and continuous research from the Paraguayan State on agricultural issues in past decades diminished the source material I initially had presumed available at the start of this project. The encountering of the above mentioned problems have contributed in shaping the final perspective of my thesis as the initial questions asked in the beginning of this research project changed has been adjusted, as it often does according to the hermeneutic circle of research. Finally, it is of relevance to mention the value of getting to know the Paraguayan society as the experience of the field-study provided me with a crucial understanding of the complexity of the agrarian question in Paraguay.²⁶

²⁵ Because of low public salaries, bribes are accepted in Paraguay as a common form of compensation. Marió, Silva-Leander and Carter 2004: 31.

²⁶ Moreover, the stay also provided me with a better knowledge of the Spanish language that has been of vital importance in the understanding and interpreting of the source material.

The primary sources for the analysis in this thesis are the agrarian laws implemented during the period of 1954 and 2008. These sources constitute the foundation of the analysis conducted in this thesis. Law 854/63 and Law 852/63 creating respectively the Agrarian Statute of 1963 and the Institute of Rural Welfare (IBR), together with the 1967 National Constitution, were enforced under the Stroessner regime. In the period of democratisation Law 1863/02 creating the Agrarian Statute of 2002, and Law 2419/04 creating the INDERT in 2004 were established. Together these laws constituted the legal basis for regulating agrarian resources and agricultural activity in the period under investigation.

The Agrarian Censuses of 1956, 1981, 1991 and 2008 are used to provide information of the general socioeconomic development in the period under examination. These contain national and regional statistical data over agricultural activity and access and distribution of land in Paraguay. The 2008 Census was published in late April, 2009, and has therefore not yet been used in any other research. National statistics over development in population growth and poverty development are also used. The data in these Censuses is controversial, though they constitute the only source of information of this kind.²⁷

The source material providing information on the historical context in the two regime epochs is of different character. There exist few other sources than the agrarian Censuses that can cast light over the agrarian development under the Stroessner regime. The contextual understanding of this period is thus gathered from the existing literature. As the national newspapers under the dictatorship were placed under heavy censorship they have a limited value as an account of historical events. Considering the special characteristic of these articles, they may however be considered useful sources in gaining insight in how Stroessner

²⁷Censo Agropecuario Nacional Nacional 1956; Censo Agropecuario Nacional Nacional 1981;Censo Agropecuario Nacional Nacional 1991;Censo Agropecuario Nacional Nacional 2008;Censo Nacional de Población y Viviendas 1950;Censo Nacional de Población y Viviendas 1962;Censo Nacional de Población y Viviendas 1972;Censo Nacional de Población y Viviendas 1982;Censo Nacional de Población y Viviendas 2002;Encuesta Permanente de Hogares 2002;Encuesta Permanente de Hogares 2003;Encuesta Permanente de Hogares 2004;Encuesta Permanente de Hogares 2005.

used the media to create legitimacy for his governing. This will in particular be examined in relation to the agrarian legislation.

The journal *Informativo Campesino* has provided a vital source in analysing the agrarian development in the period of democratisation. This is a journal first published in 1989 by the Centre of Documentation and Studies in Asunción. The centre is a non-governmental organisation dedicated to the documentation and research of rural national relations and social science in general. The *Informativo Campesino* is only one of many publications. The journal contains a collection of information concerning the agrarian situation in the country on a month to month basis. Its content is divided in information concerning campesino organisations, manifestations and detentions concerning rural conflicts, agrarian politics, interviews of campesino leaders, politicians, and experts on agrarian relations, international news, and general agricultural related news. The sources of the journal are mainly a collection of articles from all the national newspapers. *Informativo Campesino* is a monthly journal, and in order to conduct the analysis in this thesis, all issues between 1989 and 2008 has been collected and investigated. Moreover, international newspapers such as the *New York Times* have been consulted in order to see this period in a wider international context.

1.6 Structure

The structure of the thesis is principally chronological in its analysis. This is a functional structure because it strengthens the historical dimension of the analysis as well as it provides an incentive to conduct a comparative study of the two regime epochs.

Chapter two provides the historical contextual framework for the analysis of the agrarian legislation in relation to the regime building and consolidation in the following chapters. This is done by identifying Paraguay as an agrarian country as well as giving a short presentation of the macro-historical development between 1954 and 2008.

Chapter three concerns the Stroessner regime in the period between 1954 and 1989. The chapter addresses the first of the subordinate research question given for the thesis through analysing the agrarian legislation implemented under Stroessner.

Chapter four analyse the period of democratisation between 1989 and 2008. It addresses the second of the subordinate research questions by analysing the question of the implementation of a new agrarian legislation to replace the legislation from the former regime, and by analysing the implementation of a new agrarian legislation at the end of the period under examination.

The fifth chapter discusses the findings in the two previous chapters with a special focus on the institutional analytic framework. It examines the institutional frameworks of the regimes in a meta-perspective by applying the theory of North. This is done with the aim of making more visible the dynamics and the complexity in the development and changes in the regime building and consolidation in question. Through this discussion the chapter aims at making more visible the agrarian legislation as an expression of and a function in these processes as according to the secondary research questions given for the thesis. Moreover, the chapter shortly also examines the regime building and consolidation in Paraguay in a wider historical regional context.

The final chapter contains summary the findings in the thesis and some concluding remarks concerning the road ahead in Paraguay concerning the suggestions to a new agrarian legislation under evaluation in Congress.²⁸

²⁸ Rather than offering a formal resume of each chapter, short summaries are made between the sections within the chapters when found relevant. As for the conclusions of the chapters, it has been an ambition to take into account that the thesis is a monograph, and thereby highlighting the connections between topics of the various chapters.

2 CHAPTER 2: PRESENTING PARAGUAY; THE ROLE OF AGRICULTURE AND MACRO-HISTORICAL DEVELOPMENT, 1954 – 2008



Map 2.1 Paraguay

2.1 Presenting Paraguay

Because of its central location, encircled by Argentina, Bolivia and Brazil, Paraguay has often been referred to as the heart of Latin America. Even so, the existence of the small and landlocked country has historically been somewhat below the radar. Its capital Asuncion was founded in 1537 by the banks of the Paraguay River as a base to further expansion of Spanish ambitions in Latin America. However, due to the lack of precious metals and mineral wealth combined with the poor access to markets, it became a neglected outpost governed from Buenos Aires. In 1811 as the first nation in Latin America, Paraguay declared independence from the Spanish crown.²⁹ The character of its national history has been that of a poor and isolated agricultural country marked by devastating wars with its powerful neighbours and by long periods of authoritarian governments, intercepted by periods of high levels of political instability in the 19th century. After decades of political turmoil Stroessner brought political and economic stability to the country in the second half of the 20th century –though not without severe social costs. Democratisation in 1989 was a novelty to the poor and rural Latin American country which created new possibilities, though also new challenges that had to be addressed.

With the approach of legal positivism as a premise for understanding and explaining the agrarian legislation in Paraguay in relation to regime building and consolidation, a first step is to provide the necessary contextual framework for the analysis.³⁰ In doing this, the chapter first identifies and defines Paraguay as an agricultural country. Second, it provides a short presentation of the macro-historical political, economic, and social development between 1954 and 2008. Through this presentation the chapter especially aims at identifying important historical turning points, processes, and events of crucial relevance to the analysis in the following chapters. Though the focus is on the period between 1954 and 2008, long-term historical lines will be drawn when found necessary in explaining certain processes and events.

²⁹ Roett and Sacks 1991: 13-22.

³⁰ For a definition of legal positivism, see chapter one.

2.2 Paraguay as an Agricultural Country

As one of the most rural societies in Latin America, agriculture has in a historical perspective been of fundamental importance to the Paraguayan economy. It has also had a vital role in absorbing the country's growing population in the 20th century by providing domestic food requirement.³¹ The agriculture in Paraguay in the period between 1954 and 2008 experienced significant development through the introduction of capitalist farming alongside the traditional forms of subsistence agriculture, resulting in a more heterogenic agricultural sector and an altering of the existing patterns of land holdings and production.³² This section will start by giving a presentation of some main characteristics in this development, defining the broader patterns of access to and distribution of land and agricultural activity.

2.2.1 *Distribution and Access to Land*

As in most of Latin America, the land distribution in Paraguay has traditionally developed along the lines of a *latifundia-minifundia* system. This is a system characterised by its high polarisation in access to land. The *latifundias* on one side are defined as large pieces of landed property covering tremendous areas and are typically low in intensive and efficient use of the land. On the other side the *minifundias* are described as small farm units insufficient in size to provide a sustainable living for the people cultivating it.³³ The definition of minifundias in Paraguay has been set to lots between 1 and 5 hectares. If not irrigated and intensively farmed, this amount of land cannot support levels of consumption above the extreme poverty line without other sources of income.³⁴ The campesinos living out of these pieces of land have therefore often had to seek additional employment outside the agricultural sector.

³¹ Marió, Silva-Leander and Carter 2004: 7.

³² World Bank 1995: 2.

³³ Barraclough 1999: 6; Kuhnen 1982: section 1.2.

³⁴ Zoomers 1988: 17.

Opposite to its neighbouring countries, latifundias were not introduced in Paraguay in any great scale as a consequence of the European colonisation in the 16th century. Rather, it was the result of the selling enormous tracts of state land³⁵ to foreign investors and the diminutive Paraguayan elite as an effort to compensate for a lack of state income and to pay debts from the devastating Triple Alliance War.³⁶ Almost throughout the 19th century, because of low population density, land in Paraguay had been abundant. The vast majority of campesinos had access to sufficient land to make a living, a few as private owners though most of them as tenants or occupiers of land. However, facing the massive sale of state land at the end of the century, the campesinos were unable to protect their holdings against the expansion of the latifundias as they had insufficient capital to take part in the buying of land.³⁷

According to *Annelies Zoomers* in her study of rural development in Paraguay, the situation at the end of the 1800s had two important consequences in the subsequent century. First, insufficient measures were taken to change the unfavourable tenure situation for the campesinos, resulting in the fact that only 26.3% of all Paraguayan farmers had definite titles to their land by 1956.³⁸ Data suggests that four decades later this number was at approximately 60%.³⁹ Second, as most land was controlled by latifundias, facing a growing population, lack of work opportunities outside of agriculture, and a system of partial inheritance⁴⁰, the campesinos had no choice but to split up the land they already possessed. Consequently, this led to an acceleration of minifundism.⁴¹ In particular this resulted in increasing problems in the Central Region⁴², an area approximately 150 kilometres east of the capital of Asuncion. Historically, due to geographic and climatic conditions, most agricultural activity had been concentrated in this part of the country. The majority of the Paraguayan campesinos were confined to sharing the land in this area, equalising only 7.2% of the national territory, as the rest of the land in the country was controlled by the latifundias or

³⁵ In the mid-1800s the Paraguayan state was the country's largest landowner, owning up to 60% of the land. This was a result from the country's first dictatorship under Dr. José Gaspar Rodríguez de Francia (1814-1840). The dictator claimed huge tracts of land as state property in the years of 1824-1825 as part of a system of state control over the economy, by the declaration that those who could not show property documents would no longer be considered legal owners of any land. Sources: Zoomers 1988: 15; Roett and Sacks 1991: 66.

³⁶ In the Triple alliance war (1865-1870) Paraguay fought against Argentina, Brazil and Uruguay. Zoomers 1988: 13-14; Seyler 1991: 2.

³⁷ Galeano 1991: 41-42; Zoomers 1988: 19.

³⁸ Zoomers 1988: 19.

³⁹ World Bank 1995: 24.

⁴⁰ Partial inheritance is a system of subdividing a property to all existing heirs. Source: Wolf 1966: 73.

⁴¹ Zoomers 1988: 17.

⁴² See map 2.2.

owned by the state. Naturally, this meant a concentration of population in the same area.⁴³ Data suggests that in 1962 as much as 45% of all Paraguayans were living in the Central Region, accounting for 57% of the country's rural population.⁴⁴



Map 2.2: The Central Region circled in red.

Though there are geographical reasons to why large properties should exist in parts of Paraguay, as much of the Chaco region in the north-west is only suitable for very extensive cattle production, the introduction of latifundias in the 19th century caused the emergence of a highly skewed pattern of land distribution.⁴⁵ Data from the 1956 Agrarian Statute indicate that of the nearly 150 000 existing exploitations of land, 45.9% consisted of units with less than five hectares, only controlling 1% of the total of agricultural land.⁴⁶ Comparing the data in the 1956 Census with the Censuses of 1981, 1991 and 2008, the findings indicate, as demonstrated in the tables below, that distribution of land in Paraguay continued to be highly skewed throughout into the 21st century as well.⁴⁷ Furthermore, though the exact figures have

⁴³ Zoomers 1988: 13; Carter y Galeano 1995: 60; Zoomers y Kleinpenning 1990: 7; World Bank 1992: 1.

⁴⁴ Zoomers 1988: 15; Zoomers y Kleinpenning 1990: 10; World Bank 1995: 9; Carter y Galeano 1995: 51-53.

⁴⁵ Palau 1996: 171.

⁴⁶ Censo Agropecuario Nacional 1956.

⁴⁷ Censo Agropecuario Nacional 1956; Censo Agropecuario Nacional 1981; Censo Agropecuario Nacional 1991; Censo Agropecuario Nacional 2008.

been highly debated, Paraguay in this period experienced an increasing amount of landless campesinos as occupants of land they did not own.⁴⁸

| Exploitations according to size | 1956 | 1981 | 1991 | 2008 | Number of exploitations (%) | | | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------------|------------|------------|------------|
| | Number of expl. | Number of expl. | Number of expl. | Number of expl. | 1956 | 1981 | 1991 | 2008 |
| 0-5 ha | 68 714 | 89 654 | 122 750 | 118 003 | 45.9 | 36.0 | 40.0 | 40.8 |
| 5-10 ha | 34 949 | 49 511 | 66 605 | 66 218 | 23.4 | 19.9 | 21.7 | 23.0 |
| 10-100 ha | 41 011 | 99 491 | 105 319 | 87 480 | 27.4 | 40.0 | 34.3 | 30.3 |
| 100-500 ha | 2802 | 6932 | 7782 | 10 487 | 1.9 | 2.8 | 2.7 | 3.6 |
| 500 – 1000 ha | 589 | 1053 | 1525 | * | 0.4 | 0.4 | 0.5 | ** |
| 1000-10 000 ha | 1274 | 1965 | 2889 | * | 0.8 | 0.8 | 0.9 | ** |
| 10 000 ha and over | 275 | 324 | 351 | *7478 | 0.2 | 0.1 | 0.1 | ** |
| PARAGUAY | 149 614 | 248 930 | 307 221 | 288 892 | 100 | 100 | 100 | 100 |

Sources: 1956, 1981, 1991, 2008 Censo Agropecuario. Ha: abbreviation for hectare.

* Lacking data. The number showing in the column '10 000 ha and over' comprises the exploitations between 500 and 10 000 ha and over. This is due to the fact that the 2008 Agrarian Census does not make a distinction between these exploitations.

** Lacuna in the dataset implies that the relative distribution of exploitations cannot be calculated for these sections. However, to get a rough idea of the development, it is possible to aggregate all the data in the categories '100-100 ha', '1000-10 000 ha', and '10 000 ha and over' in the 1956, 1989, and 1991 Censuses – and thereby making these figures comparable with the data in the 2008 Census. Such an exercise indicate the following development in relative terms: 3.3% in 1956, 4.1% in 1981, 4.1% in 1991, and 2.6% in 2008.

The 1981 Agrarian Census suggested that 0.9% of the nation's more than almost 250 000 exploitations at this time covered 78.6% of all farmland. By contrast, the minifundias which made up 36% of all farms at the time covered only 1% of the total land. The average size of a

⁴⁸ Roett and Sacks 1991: 79; Palau 1996: 171.

minifundia was 1.7 hectares, smaller than what was believed to be necessary for a rural family's subsistence.⁴⁹ Data from the following Census in 1991 indicated that the situation during the 1980s had not changed much. 1% of the holdings were still controlling 77% of the agricultural land.⁵⁰

Table 2.2 Land holdings in Paraguay according to area (ha)

| | 1956 | 1981 | 1991 | 2008 | Size of holdings according to total area of agricultural land in use (%) | | | |
|--------------------|-------------------|-------------------|-------------------|-------------------|--|------------|------------|------------|
| | Area ha | Area ha | Area ha | Area ha | 1956 | 1981 | 1991 | 2008 |
| 0-5 ha | 162 706 | 169 137 | 231 349 | 238 013 | 1.0 | 0.7 | 1.0 | 0.7 |
| 5-10 ha | 230 207 | 322 050 | 430 658 | 416 702 | 1.4 | 1.5 | 1.8 | 1.3 |
| 10-100 ha | 841 081 | 2 101 954 | 2 167 359 | 1 764 952 | 5.0 | 9.5 | 9.1 | 5.4 |
| 100-500 ha | * | 1 396 946 | 1 619 203 | 2 300 193 | * | 6.3 | 6.8 | 7.1 |
| 500-1000 ha | *997 762 | 707 007 | 1 010 952 | *** | * | 3.2 | 4.2 | *** |
| 1000-10 000 ha | ** | 5 916 420 | 8 627 311 | *** | * | 27.0 | 36.2 | *** |
| 10 000 ha and over | **8 782 991 | 11 327 016 | 9 730 949 | ***27 807 215 | * | 51.6 | 40.8 | *** |
| PARAGUAY | 16 816 618 | 21 940 531 | 23 817 737 | 32 527 075 | 100 | 100 | 100 | 100 |

Sources: 1956, 1981, 1991, 2008 Censo Agropecuario. Ha: abbreviation for hectare.

* Lacking data. The number in the column '500-1000 ha' comprises the data for the categories '100-500 ha' and '500-1000 ha'.

** Lacking data. The number in the column '10 000 ha and over' comprises the data for the categories '1000-10 000 ha' and '10 000 ha and over'.

*** The 2008 Census only contains data of exploitations according to size in the category '500 ha and more'. As mentioned in regards to table 2.1, it does not make distinctions within this category. When the data in the 1956, 1981, 1991 censuses is made compatible with the data in the 2008 Census, the calculations within the category '500 ha and more' suggests the following development: 52.2% in 1956, 81.8% in 1981, 81.3% in 1991, and 85.4% in 2008.

⁴⁹ Censo Agropecuario Nacional 1981; Seyler 1991: 2.

⁵⁰ Censo Agropecuario Nacional 1991.

Nonetheless, at the same time a new trend during this period of time became visible in the increase of the middle-sized exploitations between 10 and 500 hectares.⁵¹ Recently attained data from 2008, seventeen years since the previous census, indicate a slight decrease in access to land for the minifundias as the data suggests that a higher number of farms had to share a smaller amount of land. Moreover, the 2008 Census indicates a concentration of land for the exploitations over 500 hectares, fewer exploitations controlling a larger amount of land. This seems to be a result of a decrease in number of middle sized farms, in particular of holdings in the range between 10 and 100 hectares.⁵² Furthermore, a decrease in the rural population in the period between the 1991 and the 2008 Census might contribute to explaining parts of this development.⁵³

The unequal distribution of land in Paraguay can be seen as somewhat of a paradox, as the expansion in agricultural land has been perceived as virtually limitless at the same time as the country has remained under-populated. *James Painter*, researcher and writer for the *Latin American Bureau* in London, argues that the problem in Paraguay has not been the actual lack of farmland, as much as the difficulties for the Paraguayan farmers getting into a market dominated by foreign investors, as well as the lack of sufficient job opportunities outside of agriculture – in particular due to the lack of a viable industrial sector in the country.⁵⁴ Both the skewed distribution of land and the lack of definite titles are presumed by scholars to have had wide implications, resulting in low agricultural efficiency and productivity, as well as bringing about potential social tension and increasing poverty.⁵⁵

⁵¹ Censo Agropecuario Nacional 1956, 1981, 1991.

⁵² Censo Agropecuario Nacional 2008.

⁵³ Censo Nacional de Población y Vivienda 1992; Censo Nacional de Población y Vivienda 2002.

⁵⁴ Painter 1987: 1-2.

⁵⁵ Zoomers y Kleinpenning 1990: 7; World Bank 1995: 10.

2.2.2 Using the Land

With the Paraguay River as the line of division, Paraguay can be separated in two natural regions very different in characteristics. The already mentioned north-western part, the Chaco, made up by the departments of Presidente Hayes, Boquerón and Alto Paraguay⁵⁶ consists of large plains with semi-arid climatic conditions. Most soils in this area are unsuited for crop production, though provides good conditions for cattle ranching. The region east of the Paraguay River provides much more favourable soil conditions and climate, and as already mentioned, most of the country's agriculture in form of crop production has historically been located here.⁵⁷

Though Paraguay was regarded as a predominantly agricultural country at the time, data from the 1956 agrarian census indicate that the area used for agriculture took up only 41% of the national territory. 85% of this land was being used for forestry and cattle ranching.⁵⁸ Only 4% was covered by agricultural crops. The cultivated area was mainly utilized for growing subsistence goods such as manioc, maize, beans and groundnuts. In addition, the growing and production of sugar cane, yerba mate, fruit, rice, and cotton were directed towards commercialisation, though only constituting a fraction of total crop produce and area under cultivation in 1956. In the following decades the area used for agriculture expanded, as did the use of new methods of production.⁵⁹ Especially the advent of capitalist farming for export in the 1970s was accompanied by large-scale investments in modern farming methods and equipment.⁶⁰ Important products for export were cotton, wheat, beef, and especially soya. In 2008 Paraguay was the sixth largest soya producer in the world.⁶¹ Though the introduction of capitalist farming brought an improvement in agricultural methods and technology, agricultural activity on the minifundias remained throughout the period relatively rudimentary. The use of agricultural chemicals, fertiliser and improved seeds stayed low. Moreover, the period was characterised by a continued use of draft animals and family labour. The slow development in the minifundia-sector has been explained by a number of causes such as poor education and information. One of the main explanations has though been the

⁵⁶ See map 2.1.

⁵⁷ Zoomers 1988: 13-14.

⁵⁸ Censo Agropecuario Nacional 1956.

⁵⁹ Censo Agropecuario Nacional 1981; Censo Agropecuario Nacional 1991.

⁶⁰ Galeano 1993: 155.

⁶¹ FAO 2005; <https://www.cia.gov/library/publications/the-world-factbook/geos/pa.html#Econ>. Lest 13.05.09.

lack of secure titles to their land, consequently resulting in a low investment initiative, as well as insufficient capital as the indefinite titles excluded the small farmers from access to formal credit.⁶²

2.3 The Macro-Historical Development, 1954 – 2008

Having set the basis for Paraguay as an agricultural country, the following section of the chapter will present the key features in the broader political, economical and social development between 1954 and 2008. As the thesis aims at understanding and explaining Paraguay's agrarian legislation as part of the larger political regime structure, this section will start by identifying the basic characteristics of the political development in the period.

2.3.1 The Political Regimes; From Dictatorship towards Democracy

2.3.1.1 The Stroessner Era 1954 - 1989

Stroessner came to power on May 4th, 1954, as a partaker in the coup d'état against the sitting president Federico Cháves. On the 15th of August the same year he was declared president.⁶³ The characteristics of the political system developed under Stroessner have been a subject of dispute, and though clearly authoritarian and patrimonial, its incorporated elements have made it difficult to fit in any specific authoritarian category or definition. The existence of the new regime was founded in an arrangement between what came to be called the “triumvirate”

⁶² Zoomers 1988: 21; World Bank 1995: 11.

⁶³ Turner 1993: 62-65; Miranda 1990: 47.

of power, consisting of the Armed Forces, the Colorado Party and the government. Within this relationship Stroessner functioned as the unifying axis, in his role as president, honorary president of the Colorado Party, and commander in chief of the Armed Forces.⁶⁴ The triumvirate was based on the idea that Stroessner would remain in office for the foreseeable future on the grounds of the enforcement of two agreements. First, the military leaders were to have the control over rent-seeking⁶⁵ activities such as smuggling operations and drug trafficking. Second, the political elite in the Colorado Party would control and distribute positions in the public administration.⁶⁶

Power was institutionalised through the combination of historical tradition of political interpersonal relations in form of patronage and clientilism and nominally democratic institutions such as regularly held elections, a multi-party system, and the division of power between the executive, the legislative and judiciary branches of government. A new national Constitution implemented in 1967 would function as the legal fundament of the regime. Legitimised and organised within the institutional framework, Stroessner operated in the Paraguayan society through a series of control mechanisms. Unifying the Colorado Party, Stroessner transformed it into a nationwide political instrument based on clientilistic relations, tying people at all social levels to the regime –also within the ruling elite.⁶⁷

Furthermore, earning one of the most severe human rights violation records in Latin America, repression and manipulation was operationalised through the Armed Forces and the police. It was also ideologically legitimised through a “doctrine of national security”. According to this doctrine the enemy of the state was internal and to be found in the opposition. The opposition was influenced by international communist groups manifesting themselves in antigovernment movements around the world, and needed therefore to be fought against. An acceptance of Stroessner’s use of repression was also sought created by personalising the country’s

⁶⁴ Fowler 1996: 104; Molinas et al. 2006: 7.

⁶⁵ In short, rent-seeking refers to the search of economic regulation and institutional change by interest groups in their pursuit of generating income. Those who seek regulation are normally well-organised smaller groups willing and able to invest resources to obtain it. Rent seeking is defined as a socially costly pursuit of wealth, as those injured by such regulations often constitutes the majority of a society. In Paraguay this activity was intrinsically connected to the clientilistic relations so deeply imbedded in the structure of the Stroessner regime. Source: Moky 2003: 364-367.

⁶⁶ Molinas et al. 2006: 11.

⁶⁷ Miranda 1990: 5; Roett and Sacks 1991: 126-127; Fowler 1996: 104-105; Molinas et al. 2006: 7.

authoritarian historical tradition through the manipulation of historical events, figures, and records, and through the creation of “mentalities” of heroism, courage, and patriotism against the common enemy found in the opposition forces.⁶⁸

Nonetheless, the beginning of the 1980s marked the start of a series of political, economic, and social changes that eventually would lead to the downfall of Stroessner.⁶⁹ Mistrust to government policies and demands for political change came forth by previous political support groups as economic recession⁷⁰ became evident. Moreover, the international society was increasingly pressing for democracy. As a result of the emerging crackles in the regime, the mid-1980s witnessed an awakening of civil society. Then, on February 4th, 1989, Stroessner was ousted in a *coup d'état* lead by his son in law, and second in command, General Andres Rodríguez. What had triggered the coup was the division over spoils of government by the elite in the Colorado Party, as well as a growing dissatisfaction amongst junior officers in the Paraguayan army.⁷¹

2.3.1.2 Democratisation 1989 - 2008

Paraguay witnessed a changed political and social reality as a first time democratisation process gave way to new challenges that had to be addressed. After overthrowing Stroessner, General Rodríguez called a quick presidential election, and won. The most significant changes in this period were the introduction of new political liberties in form of democratic rights, such as the right to organisation and freedom of speech. The newfound freedoms resulted in a notable increase in the civil society and the emerging of new political pressure groups.⁷² However, the period was characterised by high levels of control by the Rodríguez

⁶⁸ Fowler 1996: 99, 103; Miranda 1990: 18.

⁶⁹ Miranda 1990: 124.

⁷⁰ The economic development in the period will be discussed in the following section of the economic development.

⁷¹ Marió, Silva-Leander and Carter 2004: 20.

⁷² Marió, Silva-Leander, and Carter 2004: 36.

Government. Despite political liberalisation, no further extensive democratic reforms were introduced in the first three years after the coup, and democratisation evolved within the old structures of the previous regime. In particular, decision making continued to be conducted within the structures of old alliance between the government, the Armed Forces, and the Colorado Party.⁷³

In 1992 a new national Constitution was implemented, significantly changing the power relations in the formal institutional framework. The new Constitution created a greater equilibrium between the Executive, the Legislative and the Judiciary in contrast to the former 1967 Constitution. Furthermore, it opened up for political participation by the new pressure groups emerging with the opening of civil society. The event was followed by the election in 1993 of the first civilian president in 39 years.⁷⁴

However, throughout the period, serious limitations and fault lines remained existent in the emerging political system, making the 1990s and the beginning of the 21st century a period of political instability and unrest.⁷⁵ The most significant problem was the continuing of political decision making along the lines of old clientelist traditions despite the new rules set by the 1992 Constitution. Moreover, corruption was increasingly featured in the decision making arena in the period of democratisation. Under the Stroessner regime, corruption had largely been confined to the political interaction within the rural elite. However, with the changes in the political structure generating higher levels of political participation by new political actors, corruption became a common feature at all levels of political decision making.⁷⁶

⁷³ Marió, Silva-Leander and Carter 2004: 21.

⁷⁴ Marió, Silva-Leander and Carter 2004: 21-23; Garretón and Newman 2001: 134.

⁷⁵ Nagel 1999: 148.

⁷⁶ Molinas et al. et al. 2006: 17-18.

2.3.2 Macroeconomic Development and the Role of the Agricultural Sector

Paraguay's economy has historically been constrained by its landlocked geography, making the country highly dependent on neighboring Brazil and Argentina as its major trading partners. As a colony lacking of any precious metals, political strategic importance, and of population, Paraguay's economy remained for centuries based on that of subsistence agriculture. In the 17th and 18th century the country got its first export market with the growing importance of Buenos Aires as the region's port city raising demands for Paraguayan yerba maté, tobacco and hides. After independence in 1811, a system of state control over the economy was imposed under Paraguay's first dictator, the state financing itself through taxes and expropriation of wealthy individuals and the church, land leases, taxes on export, and through state enterprises such as cattle breeding, shipping and ironworks. However, the Triple Alliance War left the Paraguayan economy in ruins, stagnating for the next half century. To be able to reconstruct the economy the state relied on foreign direct investment. This marked the beginning of Paraguayan industry and agriculture under the influence of foreign economic interests.⁷⁷ Traditionally, the Paraguay has had a very high level of informal trade, making accurate economical measures somewhat difficult to obtain.⁷⁸

Important economic changes came forth in between 1954 and 2008 in several stages. When Stroessner came to power in 1954, the Paraguayan economy was showing signs of stagnation and crisis. This development was particularly evident in the agrarian sector.⁷⁹ At the beginning of the 1960s the sector recovered from stagnation and experienced a relatively high rate of growth until recession once again became evident early in the 1980s.⁸⁰

Leading up to the 1970s Stroessner had at large managed to stabilise the national economy as a whole. Inflation remained low, and the country had little external debt. In the 1970s, the economy experienced a tremendous growth, with the gross domestic product increasing

⁷⁷ Carter y Galeano 1995: 53.

⁷⁸ CIA World Factbook <https://www.cia.gov/library/publications/the-world-factbook/geos/pa.html#Govt>. Read 14.09.08.

⁷⁹ Galeano 1991: 41; World Bank 1992: 1-2.

⁸⁰ Miranda 1990: 125.

annually by approximately 10%.⁸¹ This was due to the construction of the world's largest hydroelectric plant, the Itaipu. This economic trend lasted until 1981 when the economy went into recession⁸² once the construction of the Itaipu was done. Only at the end of the decade did the economy begin to recover, mainly because of the agricultural sector and substantial improvements in macroeconomic policy management. In 1989 agriculture employed 36.8% of the country's labour force in comparison to 20% in the manufacturing sector.⁸³

The economy during the Stroessner years was under heavy state control, regulating and promoting investment and exports. Stroessner kept a firm grip on prices, wages, banking and insurance, in addition to giving price supports and subsidies to farm products such as sugar and meat. Compensating for the Paraguayan economy's incapability to finance investment in the domestic market, Stroessner further opened the country to foreign investors, continuing the tradition initiated in the previous century.⁸⁴

The democratisation process initiated in 1989 brought with it several changes in the regulation of the national economy. Most importantly the new political situation led to the development of a market economy, and the entering into the South American trade block, Mercosur, as one of the founding members.⁸⁵ In the first half of the 1990s Paraguayan economy recovered from the recession in the previous decade largely because of two factors. First, economic growth was boosted by an increase in agricultural production on the basis of the recovery of international cotton prices and the introduction of a cotton extension program for the minifundistas, combined with a quick and widespread expansion of mechanised soybean farming. Second, the entering into Mercosur generated an opportunity for the creation of a re-export business based on special arrangements for duty rates for electronic supplies imported to the Mercosur region through Paraguay.⁸⁶ However, between 1999 and 2002 the Paraguayan

⁸¹ World Bank 1995: 1-2.

⁸² In this thesis, the term 'recession' is not used in a strict, technical term in the sense that it is only referring to a decline in GDP in two or more consecutive quarters, but more as a term in order to describe a period of economic downturn and decline.

⁸³ World Bank 1992:1; Galeano 1993: 155-156.

⁸⁴ Roett and Sacks 1991: 69-70.

⁸⁵ CIA World Factbook. Paraguay. <https://www.cia.gov/library/publications/the-world-factbook/geos/pa.html#Govt>. Read 13.09.08.

⁸⁶ Otter 2008: 94; IMF 1999: 5.

economy once again fell into recession, mainly due to national political instability⁸⁷ and a crisis in the small scale cotton farming in the agricultural sector. Simultaneously, crisis in the Brazilian and Argentinean economies strongly affected the country. As from 2003, internal political changes and a regional economical improvement brought the country back to a more stable course.⁸⁸ In 2007 and 2008 the Paraguayan economy grew by respectively 6.4% and 5.8% percent, the fastest growing sector being agriculture with a 10.5% growth.⁸⁹ Throughout the period between 1954 and 2008 the agrarian sector constituted the basis for national economic growth due to its high export earnings.⁹⁰

2.3.3 The Social Development

The Paraguayan society between 1954 and 2008 was characterised by under-population, low urbanisation, and high levels of poverty and inequality. Though urbanisation is not negligible, data from the 1982 Census of Population and Home indicates that almost 60% of all Paraguayans at this period of time were living in rural areas, a situation not significantly different from the 1950s and 1960s. In 2002 the corresponding number had declined to 43%.⁹¹ The population pattern has in a historical perspective been defined by the existing agricultural possibilities and development.

Poverty levels were throughout the period higher in the rural areas than in the cities.⁹² Traditionally there have been two groups of rural poor in Paraguay. The first one has consisted of small farmers having no off-farm income generating opportunities because their rural occupations have been too small to sustain a livelihood. The second group has been comprised of landless rural inhabitants without employment in the agricultural sector,

⁸⁷ For details see chapter four.

⁸⁸ Otter 2008: 94.

⁸⁹ CIA Factbook. <https://www.cia.gov/library/publications/the-world-factbook/geos/pa.html#Econ>. Read 14.01.2009.

⁹⁰ World Bank 1995: 1; Marió, Silva-Leander and Carter 2004: v.

⁹¹ Censo Nacional de Población y Viviendas 1950, 1962, 1972, 1982, 2002.

⁹² World Bank 1995: 1.

surviving by combining non-agricultural activities and subsidies.⁹³ Data on the poverty levels in the country until the 1990s are scarce. Little research has been conducted and there exists no official data. However, poverty levels have been assumed by scholars to have been high due to lack of access to land, secure property titles, and the lack of job opportunities in other economic sectors.⁹⁴ Data indicates that rural poverty levels were increasing throughout the 1990s and stabilising in 2000. In the period towards 2007 data suggests that rural poverty somewhat decreased.⁹⁵

As this chapter has provided a historical framework for the period between 1954 and 2008 by identifying and defining Paraguay as an agricultural country and presenting important features in the macro-historical development, the following chapter will analyse the regime building and consolidation during the Stroessner regime.

⁹³ Marió, Silva-Leander and Carter 2004: 10-11.

⁹⁴ Zoomers 1988: 15.

⁹⁵ Marió, Silva-Leander and Carter 2004: 8; Brunstein Alegre 2008: 341-344; Encuesta Permanente de Hogares 2002, 2003, 2004, 2005, 2007.

3 CHAPTER 3: BUILDING AND CONSOLIDATING THE STROESSNER REGIME 1954 – 1989: IN PERSPECTIVE OF AGRARIAN LEGISLATION

3.1 Introduction

In 1963 a new agrarian legislation was implemented in Paraguay through the passing of two new laws. *Law 854/63* created the Agrarian Statute and *Law 852/63* established the *Institute of Rural Welfare*. Together with the National Constitution of 1967, these laws would constitute the legal and institutional foundation for agricultural regulation under the Stroessner regime.⁹⁶ The agrarian legislation under Stroessner has attracted broad interest from academics and research organisations.⁹⁷ However, so far scholars have tended to emphasise and argue its socioeconomic developmental effects, placing little focus on any political value inherent.

In the legal positivistic perspective, as mentioned in the introduction chapter, the origin and nature of any legislation corresponds with the framework from which it is created. Law is created to address a specific subject and has a specific purpose, and is the result of decision making conducted within a particular set of social rules.⁹⁸ In authoritarian regimes the intention and function of legislation cannot be understood as aiming at considering any common good or interest as the ruling elite is not generated and maintained by popular consent, but through alliances between central power holders and the use of various control mechanisms. On the contrary, as the weak structure of authoritarian systems generates the

⁹⁶ It is here important to emphasise that the 1963 agrarian legislation implemented under Stroessner survived the fall of the regime and would function as the legal basis for agrarian regulations under democratisation until a new legislative basis was constructed first in 2002 and to be fully completed in 2004. This will be discussed in the next chapter.

⁹⁷ For details see chapter one.

⁹⁸ Tebbit 2000: 10-11.

need to constantly enforce and reinsure the arrangements in which they are vested. Legislation tends to serve a useful tool in this process, designed and created within the limits of what is considered necessary for the further existence and consolidation of the regime.⁹⁹ The rationality of law within this framework must therefore primarily be understood through its political value. Adopting such a political perspective, this chapter examines the agrarian legislation implemented under Stroessner. Hence, the chapter addresses the first of the secondary research questions asked in this thesis; *how and why can agrarian legislation be interpreted as a political instrument in the search of regime building and consolidation under the Stroessner regime?*

In addressing this research questions, a chronological approach to the agrarian legislation implemented under Stroessner is adopted. Thus, the chapter is organised into four sections. The analysis starts by identifying the key serious agrarian problems existing in the early years of the dictatorship. Seen in the context of agriculture's crucial role as the economic and social cornerstone in the Paraguayan society, these problems urged for for measures to be taken. Second, the chapter addresses the initiative and the process of implementing a new agrarian legislation. Here, special heed will be paid to discussing the character of the process in relation to the decision making system under Stroessner and the possibility for participation and influencing of interest groups within this structure. Furthermore, the chapter continues by analysing the rationality in the agrarian legislation implemented in 1963 and in the agrarian articles in the national Constitution of 1967 by examining how the regulations latent in the legislation functioned as a political tool for the Paraguayan government. This third section will represent the predominant part of the analysis in the chapter. Finally, the chapter shortly discusses the consequences of this legislation as a component in the downfall of the Stroessner regime.

⁹⁹ Brooker 2000: 21-24; Linz 2000: 156, 159-165; Molinas et al. 2006: 14-15.

3.2 Rural Problems in the Early Years of the Stroessner Regime; the Need for a New Agrarian Legislation

During the early years of the Stroessner regime it soon became clear that there were substantial and escalating problems in the Paraguayan countryside. Various scholars have explained the situation primarily to be the consequences of the highly skewed pattern of land distribution in the country, further complicated by the lack of secure property titles.¹⁰⁰ Annelies Zoomers and Luis A. Galeano argue in their studies of rural development in Paraguay that the rural problems in this period were primarily to be found in the historically populous Central Region¹⁰¹ of the country.¹⁰² While the rest of Paraguay remained thinly populated, overpopulation had become the case in this area by the end of the 1950s after the population having been in constant increase since the end of the 19th century. However, despite the growing population density, the area of land cultivated in the region remained more or less the same. Data from the 1956 Agricultural Census indicates that the majority of campesinos in the area were living out of parcels of five hectares or less.¹⁰³ Putting an immense pressure on the available agrarian resources, the level of possible exploitation of these parcels was in the 1950s close to reaching its limits.¹⁰⁴ The situation may bear resemblance to Malthusian theory which states that the population in a society has a tendency to grow faster than the available resources.¹⁰⁵

Zoomers argue that absorption of the overpopulation in the region was hindered by a combination of several factors. The primary factor was of a structural character, consisting in the distorted distribution of land both outside and inside the region. Outside, the controlling of the surrounding land by private latifundistas and the Paraguayan state explains largely why the population did not move out of the region, thus accelerating the process of minifundism. Inside of the region, large areas of unused land within the most populated areas were concentrated on only a few hands and out of reach for the growing group of minifundistas.

¹⁰⁰ Kleinpenning 1987: 2-4, 106-117; Zoomers 1988: 1-4, 12, 13; Kleinpenning y Zoomers 1990: 9-11; Galeano 1991: 39-43.

¹⁰¹ See figure 2.1, Chapter 2.

¹⁰² Zoomers 1988: 13; Galeano 1991: 42.

¹⁰³ Censo Agropecuario Nacional 1956.

¹⁰⁴ Zoomers 1988: 15-17; Zoomers y Kleinpenning 1990: 10.

¹⁰⁵ <http://www.snI.no/article.html?id=669325&o=1&search=Thomas%20Malthus> Read 18.12.2008.

The use of a system of partial inheritance contributed the further division of land was, so did the lack of work opportunities outside the agricultural sector.¹⁰⁶

Moreover, according to Klaus Deininger in his book *Land Policies for Growth and Poverty Reduction*, when population density hinders a further division of land, existing plots have to be cultivated as intensively as possible and the need for new and more effective ways of cultivation becomes pressing.¹⁰⁷ However, Zoomers points out in her study that in the beginning of the 1960s overuse of land in the Central Region had already led to an extreme soil impoverishment and rural poverty, making access to new land and of crucial concern. An important part of this problem was, as mentioned above, the campesinos' lack of title deeds to their land. Deininger argues how unsecured private property rights tend to hinder the investments necessary for the introduction of better techniques and methods that could improve soil fertility and increase the production per hectare. Contributing to the matter was the without formal ownership of land, the campesinos were excluded from access to official credit, which led to capital shortage.¹⁰⁸ During the first years of the Stroessner regime the problems in the Central Region evolved into a crisis, materialising itself in increasing levels of rural poverty.¹⁰⁹ The problems in the Paraguayan countryside generated severe social, economic and political implications at a national level, as will be elaborated in the following sections.

3.2.1 Stagnation in the Agricultural Sector

The agrarian problems was perceived by the Paraguayan government to be primarily the result of the above mentioned land distribution.¹¹⁰ On a general basis, the minifundia-latifundia system was considered as highly economically inefficient by Latin American policy makers and rural development experts in this period. The core of the problem was thought to be the

¹⁰⁶ Zoomers 1988: 15-18.

¹⁰⁷ Deininger 2003: 10.

¹⁰⁸ Deininger 2003: 10; Zoomers 1988: 19-21; Kleinpenning 1984: 165.

¹⁰⁹ Zoomers 1988: 15; Brunstein Alegre 2008: 343-344.

¹¹⁰ Zoomers 1988: 13.

inefficient use of both capital and labour. While the latifundias, with their large tracts of underexploited and unused land, generated low levels of productivity per hectare, the minifundias were low in labour productivity.¹¹¹ Moreover, the decrease in external demand for agricultural products after the Second World War gave further impetus to the downwards spiral of the sector – and thus the Paraguayan economy.¹¹²

As mentioned in chapter two, the agrarian sector was the main engine of growth in Paraguay's national economy. The sector therefore was a vital source in the distribution of wealth and resources to key political actors in the regime, hence the powerful rural elite and members of the Armed Forces.¹¹³ Thus, combating the stagnation in the agricultural sector became crucial in securing the continuing political support from these groups. In order to stimulate the agricultural productivity and thereby generating further economic growth the government sought to restructure the distribution of land in the country.¹¹⁴ Furthermore, the government started exploring new ventures in order to provide income compensation to the rural elite as foreign demand for the traditional Paraguayan produce was in decline. The government was in particular optimistic about the prospects of what was regarded as newfound economic opportunities in the eastern border of the country, setting up new modes of agricultural production by emulating techniques and methods in Brazilian large scale farming. An added benefit, and one not to be underestimated in this case, was that such an eastwards expansion also implied a diversification of Paraguay's economical dependence on Argentina.¹¹⁵

Stroessner gained support from the Paraguayan society from his ability to provide order, and stability, peace, and socioeconomic development to a country that in the previous decades had been plagued with disorder, political chaos and economic instability and downturns.¹¹⁶ The importance of agriculture to the economy, the predominant rural population pattern and the

¹¹¹ Zoomers 1988: 13, 22; Zoomers y Kleinpenning 1990: 7-12; Galeano 1991: 41-42; Kay 1998: 6.

¹¹² Galeano 1991: 41; World Bank 1992: 1-2.

¹¹³ Informativo Campesino Numero 82, Julio, 1995: 2; World Bank 1995: 9; Fowler 1996: 100.

¹¹⁴ Zoomers y Kleinpenning 1990: 11-12; Kleinpenning 1984: 164.

¹¹⁵ World Bank 1995: 1; Molinas et al. 2006: 12; Borda 1990: 30.

¹¹⁶ Fowler 1996: 105.

social structure thus made it paramount to the Paraguayan government to address and solve the agrarian problems to secure the future existence of the regime.¹¹⁷

3.2.2 Fear of Rural Political Unrest

The serious situation for the campesinos in the Central Region manifested itself through a rising demand for land, leading to conflicts and tension in the countryside.¹¹⁸ Facing a potential nationwide escalation of unrest that could seriously threaten the political stability in the country, the government was more or less forced to take action.¹¹⁹

The state of agitation in the Paraguayan countryside and the government's response to this has to be understood in a wider historical context. International events such as the Cuban revolution in 1959 created an ambiance of fear among the right wing political forces in the Latin American hemisphere for the spread of revolution and socialism. The conservative oriented Stroessner regime was no exception. The political drama in Latin America was unfolding within a bi-polar world order, and the United States government found the situation called for intervention. Fearing a loss of dominance and the hampering of US interests in the region, the Kennedy administration took command of the counter-measures against this perceived threat through the creation of the *Alliance for Progress* programme in 1961. This programme was an effort to establish economic cooperation between the northern and the southern parts of the American continents. As the impoverishment of the largely rural Latin American population was thought to have a direct influence on the socialist expansion, the *Alliance for Progress* provided aid to the Latin American governments encouraging the implementation of agrarian reforms.¹²⁰ Also the Paraguayan government was offered economical assistance for the implementation of a new agrarian policy through this

¹¹⁷ Zoomers 1988: 12-13; Galeano 1991: 41; World Bank 1992: 2; Kleinpenning 1984: 164-166.

¹¹⁸ Galeano 1991: 42.

¹¹⁹ Zoomers 1988: 3, 13.

¹²⁰ Kay 1998: 4; Rivarola y Galeano 1998: 129.

programme.¹²¹ With this, the focus will now turn to examining the process of implementing and shaping the new agrarian strategy.

3.3 The Law Making Process

The 1963 agrarian legislation was shaped within a political system where policymaking, according to economist José Molinas et al. in their research paper concerning political institutions and policymaking in Paraguay, was characterised by a rigid structure of high levels of control and with a strong independence between policy adaptability and public regardedness.¹²² Changes in the status quo were first and foremost to be conducted in relation to what was perceived as necessary for the existence and strengthening of the regime as a whole. Molinas et al. argues that policies under the Stroessner regime in a large extent were designed with the purpose to benefit loyal members of the regime. Though, in the first two decades of the dictatorship some extensive national policies were implemented that would also benefit the public as an attempt of generating mass acceptance. The agrarian legislation can be interpreted to fit this category. According to sociologist Carlos Miranda such policies were implemented as measures that concurrently would benefit Stroessner's political supporters and keep any opponents at bay.¹²³

In practice the initiative to all policymaking under the Stroessner regime was to come from the Executive branch of government in accordance with an arrangement between the two other main political actors of the regime, the Colorado Party and the Armed Forces. The Congress in this period, maintained as a democratic facade, was therefore no important arena for the initiation of new legislation. The institution held no real veto power, at the same time

¹²¹ Galeano 1991: 41.

¹²² Molinas et al. 2006: 11-12, 14.

¹²³ Miranda 1990: 76; Molinas et al. 2006: 13-15.

as Stroessner's strong and unified Colorado Party always was guaranteed a majority in voting. The legislators were recruited from the line of loyal politicians to the president, and were expected to be supportive to any suggestion coming their way.¹²⁴ Nonetheless, according to Molinas et al, the Congress represented several political capacities beyond serving as a democratic façade. The authors emphasise how the Congress was an important instrument in organising and controlling any existing opposition through the ability to co-opt, bribe, or repress dissatisfied social actors into accepting new policies.¹²⁵ Opposition under Stroessner was customarily weak, though limited political activity was allowed and organised through selected political parties – mainly through the traditional Liberal Party and the left-wing Febrerista Party. This opposition was allowed access to Congress. However, there was also an illegal opposition, primarily represented by the Cristian Democratic Party, the Communist Party, and the Popular Colorado Movement. These parties were perceived as subversive and dangerous and thus object to heavy repression, as were existing interest groups in form of student organisation, various labour unions, intellectual circles and the Catholic Church.¹²⁶

The first initiative to create a new agrarian legislation during Stroessner's rule came from the Paraguayan government with the collaboration of the United Nation's *Food and Agriculture Organization* (FAO) through the *Primary National Seminar of Agrarian Reform in Paraguay*¹²⁷ in the period between the 24th of June and the 24th of July 1958. The aim of the seminar was to replace the Agrarian Statute of 1940 with a new agrarian legislation containing the capacity to simultaneously address the precarious situation for the campesinos in the country and the stagnation in the agrarian sector, as well as functioning as an instrument of control to the government. Numerous Paraguayan and foreign experts were taking part in the process, but no representatives of the large group of campesinos in the country were invited to the seminar.¹²⁸

¹²⁴ Molinas et al. 2006: 7-11; Marió, Silva-Leander and Carter 2004: 20.

¹²⁵ Miranda 1990: 76-77; Molinas et al. 2006: 11.

¹²⁶ Miranda 1990: 81-86; Roett and Sacks 1991; 122-123; Fowler 1996: 101.

¹²⁷ Translated from Spanish: *Primer Seminario Nacional sobre Reforma Agraria en el Paraguay*.

¹²⁸ Pastore 1972: 464; Kleinpenning 1987: 123.

Though rural conflict and unrest during the first years of the Stroessner regime had contributed in putting rural development on the agenda, the implementation of the new agrarian legislation was thus not a result from any direct social pressure from below. The last serious conflict in the countryside came in 1960 as an attempt to create a general uprising against the dictatorship, organised by exiled members of the Liberal Party, the Febreristas, and the Communist Party. The attempt never materialised, but led to a wave of brutal repression of campesinos assumed to have connections with these parties.

The event pacified the countryside.¹²⁹ However, in the early 1960s, rural opposition shifted from being rooted in party politics towards being organised and backed the Catholic Church. This was one of the few organisations in the Paraguayan society with some leeway against the Stroessner regime. In 1962 the Catholic Church founded the Christian Agrarian Leagues (LAC) in an attempt to raise the level of political awareness of the campesino situation. However, the LACs were met with intense violence and repression from the government, leaving the campesinos in the country with no political bargaining power to influence the character of the 1963 agrarian legislation.¹³⁰ Moreover, a general attempt during the Stroessner regime to pacify and draw support from the countryside came from the activities of the omnipresent Colorado Party in the Paraguayan society. The local Colorado-offices dominated throughout the countryside political, economic, and social life, ensuring rural support and loyalty through the workings of political and economic patronage. The offices functioned simultaneously as the eyes and the ears of the government, reporting of deviant and anti-regime sentiments among the rural population.¹³¹

The low public consideration demonstrated in the legislation process of the new agrarian laws through the exclusion of campesino interests in the decision making, indicates that the new laws indeed were implemented and designed in accordance with the controlling elite's preferences for the regime. Political scientists Riordan Roett and historian Richard Scott Sacks points out in their historical book, *Paraguay the Personalist Legacy* that within societies where patron-client relations are widely used in political life, the control by the

¹²⁹ Turner 1993: 65; Fowler 1996: 96.

¹³⁰ Riquelme 2003: 26; Galeano 1991: 51; Informativo Campesino No. 4, 1989: 6; Molinas et al. 2006: 25.

¹³¹ Galeano 1991: 51; Turner 1993: 65-68.

political elite over resources are crucial in their function as exchange for political support.¹³² In such, agriculture being a vital source for the gaining of economic wealth by powerful groups in the Paraguayan society, the implementation of the new agrarian legislation in 1963 can be interpreted as an attempt from the government in gaining control over the country's agricultural resources.

3.4 The Agrarian Legislation as an Political Instrument

3.4.1 Official Objectives: Rural Welfare and National Economic Growth and Development

Responding to the immediate rural problems that existed in the early years of the Stroessner regime, two major objectives can be identified when analysing the 1963 agrarian legislation – the promotion of rural welfare and national economic growth and development. Perceived to be intrinsically connected, one goal could not be achieved without the other. Moreover, once implemented, these objectives were thought to have a mutual reinforcing effect. Thus, one set of measures was adopted in order to achieve both targets.

Rural welfare, as defined in the legislation, consisted in the transformation of the agrarian structure of the country, obtained through the incorporation of the campesino population into the national economic and social development. Primarily this was to be achieved by developing a more just system of land distribution through reduced concentration of landownership and displacing the prevailing latifundia-minifundia structure. The measures established in the 1963 Agrarian Statute to secure this objective was a colonisation of

¹³² Roett and Sacks 1991: 115-116.

underexploited and unused land as well as the regulation and restructuring of already cultivated agricultural land. As these measures were believed to improve the situation for the rural population, they would also stimulate economic growth in the agricultural sector, which again would promote further rural prosperity.¹³³

The Agrarian Statute also entailed the establishing of a scheme where the interior and eastern part of the country was to be colonised. This program had two officially defined objectives. The first ambition was to improve the geographical distribution of the rural population and thus their economic and social welfare, in particular the situation for the campesinos in the Central Region.¹³⁴ Though not stated as an official goal in the new legislation it is reason to assume that generating of a migration flow towards the Brazilian border also was established with the purpose of taking advantage of the earlier mentioned economic opportunities in this part of the country.

The second aim of the colonisation program was transforming new and underused land into economically rational exploitations.¹³⁵ In short, economic rationality can be defined as the action of reaching something's maximal potential.¹³⁶ A rational exploitation, as to be understood in the legislation, referred to reaching maximum agrarian productivity through the effective production of agrarian goods according to the nature and topography of the agricultural land. With the use of this principle the Agrarian Statute promoted the establishing of three types of agricultural colonies depending on their geographical location in the country. First of all, preference was to be given to the establishing of crop and general farm colonies.¹³⁷ The minimum size for the lots engaged in this type of agriculture was set to 20 hectares. Second, the law promoted the formation of crop and forest product colonies on land suitable for cultivation of various crops, mixed livestock, combined with intensive exploitation of woodlands. These colonies had a minimum size limit of 50 hectares. Both types of colonies had a maximum size level of 100 hectares. Finally, the law encouraged the creation of colonies of livestock farming to be intensively exploited through the use of

¹³³ Estatuto Agrario 1963: art. 2, 6-11, 38; Que Crea el Instituto de Bienestar Rural 1963: art. 2.

¹³⁴ Estatuto Agrario 1963: art 38; Zoomers 1988: 3.

¹³⁵ Estatuto Agrario 1963: art. 38.

¹³⁶ Arrow 1986: 70; Nyeng 2002: 25.

¹³⁷ These farms were to be producing different types of crops, dairying, swine production, poultry production, and small scale industries for the processing of agricultural products.

artificial pastures and improvement of livestock. Lands designated for such use were to be divided in respectively 300 to 1500 hectares and 1500 to 8000 hectares depending on the geographical location.¹³⁸

Assisting the colonisation process was the establishing of programs of technical and social assistance, titling, crediting, and introduction of new methods for production.¹³⁹ The officially stated beneficiaries of the colonisation were Paraguayans over 18 years, dedicated to agricultural and livestock production or those who formally declare themselves to become dedicated to such forms of activity. However, in order to qualify for a parcel of land in the official colonies one had to be under 65 years of age. Crucially, foreigners fulfilling these requirements were considered beneficiaries under equal conditions as Paraguayans. Each beneficiary was entitled to at least one parcel of land in accordance with the specific set of regulations introduced above. Securing a minimum level of rural welfare was the priority in the granting of land to the beneficiaries with the fewest resources and largest families.¹⁴⁰ Whether through official programs or on private initiative colonisation was put under the responsibility of the newly established IBR, provided with wide authorities in terms of the more specific organisation and regulation of colonisation. Land subject to colonisation was state-owned land in the possession of the IBR, or private land not effectively exploited and suitable for settlement and agricultural activity attained either through sale or expropriation.¹⁴¹

As mentioned above, the second measure in transforming the skewed distribution of was through the regulation and restructuring of privately owned property outside the colonisation areas. The statute provided minimum and maximum limits for the size of the properties. Agricultural lots were to be no less than two hectares within suburban zones, and minimum seven hectares in rural areas. Minifundias under the given size were objects to expropriation by the state and should be unified into new parcels of land and resold. As compensation, the former owners of the expropriated lots were to be first priority in acquiring a new piece of

¹³⁸ Estatuto Agrario 1963: art. 43-50.

¹³⁹ Estatuto Agrario 1963: art. 1-2, 24-37, 82-94; Que crea el Instituto de Bienestar Rural 1963: art.2.

¹⁴⁰ Estatuto Agrario 1963: art. 14, 23, 65, 75-79.

¹⁴¹ Estatuto Agrario 1963: art. 17, 39-40, 43, 108-113; Que crea el Instituto de Bienestar Rural 1963: art. 2.

land in the nearest official colony.¹⁴² In comparison to the regulations in earlier legislation, this minimum size level was considerably higher.¹⁴³ As discussed earlier, most small farmers in Paraguay at the time, especially in the Central Region, were estimated to be in position of less than five hectares. Latifundias, defined as large tracts of properties low in intensive and efficient use of the land, were targets of expropriation if exceeding 10 000 hectares in the eastern part of Paraguay and 20 000 hectares in the western region of Paraguay, the Chaco.¹⁴⁴ Hence, this left all rationally exploited farms, effective and intensive in use, over the given size out of the scoop of regulation, as well as all farms with less than 10 000 and 20 000 hectares.

In an overall perspective, both the colonisation programme and the restructuring of agrarian properties outside the colonisation areas can be interpreted as having a principally technical and economically directed character. In sum, the regulation in the agrarian legislation held prospects of both intensive (more efficient use of existing resources), and extensive (increase in available resources) growth. In a wider context this regulation can be understood as part of a general trend in the Latin American rural development policies in the 1950s and 1960s. The main goal of these policies was to create more efficient and modernised agricultural sectors. Following such agrarian strategies, land was not primarily redistributed to the campesino populations as a means of stimulating social development, but transformed into efficient middle-sized capitalist farms thought to provide a far bigger agricultural output than what had been the case within the old latifundia-minifundia structure. The restructuring of land was always accompanied by the introduction of mechanisation and new technology. Expropriation of land was in this strategy designed and used as a threat that would push the large landowners into making the necessary technical and economical changes. Furthermore, in order to avoid expropriation landowners often subdivided their estates among family members, speeding up the development of a middle-sized farms sector.¹⁴⁵

¹⁴² Estatuto Agrario 1963: art 8-13.

¹⁴³ Arnold 1971: 174.

¹⁴⁴ Estatuto Agrario 1963: art. 4.

¹⁴⁵ de Janvry, Sadoulet, and Wolford 2001: 282-283; Kay 1998: 5-6; Zoomers 2002: 65.

To summarise, this section has demonstrated how the agrarian legislation implemented in 1963 addressed and aimed at solving the rural problems threatening the existence of the young Stroessner regime through the promotion of rural welfare and economical growth and development. The following section will provide a further analysis of how the agrarian legislation functioned as a fundament in the consolidation and longevity of the regime.

3.4.2 Rewarding Political Supporters and Avoiding Peasant Conflict; a Balancing of Interest

3.4.2.1 Elite Interests

A vital part of the success of the Stroessner regime has been explained by the dictator's ability of balancing and merging elite interests and the acceptance of the masses.¹⁴⁶ The case of the agrarian legislation supports this view and will be discussed in the following.

The relation between the rural elite and the Paraguayan government took place within the clientilistic structures existing at all levels of the regime, which rested upon the distribution of economic and political benefits to the elite in return for political support and legitimacy.¹⁴⁷ Invigorating economic development through the agrarian legislation can be interpreted as an effort directly addressed towards the powerful rural elite. As mentioned before, a more efficient organised agricultural sector would increase the profitability of the elite's existing activities, whilst the colonisation process towards the Brazilian border provided the large landowners with an increase in their income generating basis. In particular, the process laid the grounds for an expansion in new export crops such as soya and cotton in the 1970s.¹⁴⁸ Data from 1987 indicates that soya and cotton had grown to comprise respectively 38% and

¹⁴⁶ Fowler 1996: 94, 106.

¹⁴⁷ Roett and Sacks 1991: 67, 129; Fowler 1996: 100.

¹⁴⁸ Zoomers 1988: 35; Galeano 1993: 155.

34% of the country's exports.¹⁴⁹ At the beginning of the 1960s, the agrarian sector recovered from stagnation and experienced a relatively high growth rate until recession once again became evident in the early 1980s.¹⁵⁰ Furthermore, the benefits of the growth in the agricultural sector were not shared by the rural masses, as poverty continued to increase in the same period.¹⁵¹ Hence, it reason to assume that the agricultural surplus that had been generated mainly was absorbed by the rural elite in the country.

Not only stimulating higher levels of income, the regulations in the 1963 agrarian legislation also provided the opportunity for the allocation of new land in the established colonies to political supporters, distributed by legal means through the IBR. In particular, established by law in the 1963 Agrarian Statute was the distribution of land to the regime's most powerful political support group, the Armed Forces, stating that discharged servicemen had the right to acquire of a parcel of agricultural land with the best possible terms of payment.¹⁵² As discussed in a previous section of the chapter the legislation offered a precise regulation of who were to benefit from the colonisation programme, as well as who did not. In acquiring a parcel designated for crop and general farming or forestry, land was only to be granted to persons already owning less than 50 hectares. Requiring land for livestock production one had to be in the possession of less than 300 hectares in the eastern region of the country, and less than 1500 hectares in the western region.¹⁵³ Nonetheless, the regulations also opened up for the possibility of arbitrage in land. In special cases and on petition from the IBR to the Executive Power, colonised land might be sold on to non-beneficiaries of the legislation.¹⁵⁴ Of particular importance was a clause, which allowed selling properties larger than the maximum size established for the different colonial lots.¹⁵⁵

Opening up for this kind of sale of land supports the notion of the new agrarian legislation as an important tool in the distribution of resources to political supporters. It also suggests the importance of such a distribution to be legitimised and justified through law seen in

¹⁴⁹ Roett and Sacks 1991: 68.

¹⁵⁰ Miranda 1990: 125.

¹⁵¹ Informativo Campesino No 4, 1989: 2; Informativo Campesino No. 6, 1989: 14; World Bank 1995: 1.

¹⁵² Estatuto Agrario 1963: art. 14, 19-21.

¹⁵³ Estatuto Agrario 1963: art. 50, 66, 75-76.

¹⁵⁴ One article of the legislation specifically provided the IBR with the authority to sell tracts of land to private colonisation enterprises. Estatuto Agrario 1963: art. 97.

¹⁵⁵ Estatuto Agrario 1963: art. 95-97.

perspective of the notion that agricultural land was a highly demanded asset by different social groupings in the Paraguayan society. Further support of the political mechanisms of the legislation, can be found in the wide jurisdiction designated to the organisation in charge of executing the new regulations, the IBR. Equipped with only vague directions, it was up to the IBR itself to define and conduct decisions in relation to the colonisation programme and the redefining of the land distribution system.

As the IBR was established as an autonomous institute, it had only a loose chain of responsibility in relation to the rest of the state institutions, and thus few control routines in its decision making.¹⁵⁶ This left the IBR as a useful tool in which the distribution of resources to political supporters of the regime could be legally channelised. Research strongly indicate that despite the huge tracts of land distributed by the IBR during the years of the Stroessner regime, only a diminutive amount had benefited the campesinos. Rather, through the use of various irregular means, land was distributed in large amounts to members of the Armed Forces and other high governmental officials, the rural elite, and members of the Stroessner family. Moreover, large tracts of land were acquired by foreign corporations and land speculators.¹⁵⁷ Examining the effects of the agrarian strategy implemented in 1963, research demonstrate that the minifundia-latifundia structure in the country not only to a large extent had prevailed, with the exception of the emergence of a small middle sized farm sector, but the minifundia-latifundia structure was also to be found in the colonisation areas.¹⁵⁸ Tomás Palau supports this notion by pointing out that the colonisation had resulted in a re-concentration of land, and thereby increased the level of latifundism.¹⁵⁹

Finally, the legislation can also be interpreted as offering a strong defence of private property through protecting the latifundias in the country, in what Tomás Palau has called a social exclusion of the campesino population.¹⁶⁰ The first article of the Agrarian Statute clearly states the legal protection of private property of the rural estate on the grounds of its function in promoting rural welfare and economic growth through the efficient and rational

¹⁵⁶ Que crea el Instituto de Bienestar Rural 1963: art. 1, 4, 10; Estatuto Agrario 1963: art. 1, 8, 26.

¹⁵⁷ NotiSur – South American Political and Economic Affairs. 10.01.2004; ABC Color 15.05.2008; ABC Color 13.08.2008; World Bank 1995: 9; Nagel 1999: 153.

¹⁵⁸ Zoomers 1988: 34-35; Censo Agropecuario Nacional 1981; Censo Agropecuario Nacional 1991.

¹⁵⁹ Palau 1996: 171.

¹⁶⁰ <http://www.novapolis.pyglobal.com/02/discriminacion.php>. Read 04.05.09.

exploitation of the land.¹⁶¹ However, as discussed earlier, the regulation of the land distribution in the 1963 legislation left few latifundias subject to expropriation, rationally exploited or not. Research indicates that this also turned out to be the reality. According to sociologist Ramón Fogel, the IBR's interpretation of the agrarian legislation strongly favoured the latifundistas.¹⁶² Zoomers argues in her study that almost none of the latifundia-land had been regulated and redistributed through expropriation after the 1963 legislation was endorsed. Zoomers also challenged claim put forward by the Paraguayan government on the scale and scope of the expropriation. An official statement argued that up to 1976, the IBR had expropriated 45 latifundias with a total area of 4.3 million hectares.¹⁶³ According to Zoomers these figures were misleading as most of the properties had been sold to the IBR voluntarily by the owners.¹⁶⁴ Moreover, she argues, most of the colonisation in this period actually was a result of private initiative and not through the official colonisation programme promulgated in the Agrarian Statute. On a general basis, the colonisation programme implemented in 1963 with its distributive measures, in practice mainly of already state owned or voluntarily sold land, can be interpreted as a means of avoiding any major redistributive land reform as a solution to the rural problems in the country that could negatively affect the country's powerful landowning class.

3.4.2.2 Avoiding Campesino Uprising and the Search for Mass Acceptance

The promotion and stimulating of rural development in the country was crucial to the Stroessner regime in several respects. It was perceived as a precondition of further economic growth and as a means of alleviating the immediate situation in the Central region by promising new land and new job opportunities in the area towards the Brazilian border, in such avoiding rural uprisings that in any way could threaten the existence of the regime. Furthermore, rural development and prosperity was also considered a measure in creating a more stable structure in the countryside. How Stroessner managed to create an agrarian

¹⁶¹ Estatuto Agrario 1963: art. 1.

¹⁶² Fogel 1989: 12.

¹⁶³ The latifundias were situated in the departments of Concepción, Caaguazú, Alto Paraná, San Pedro, Itapúa and Amambay, all in the colonisation area near the Brazilian border.

¹⁶⁴ Zoomers 1988: 34-35.

legislation which at the same time balanced elite interests and the needs of the masses of Paraguayan small farmers can to a large extent be explained in the wide use of rhetoric imbedded in it. As the Paraguayan lawyer and historian Carlos Pastore emphasised in his 1972 analysis of the fight for land in Paraguay, an important measure was taken in the 1963 Agrarian Statute through releasing the government from the responsibility of having to carry out any wide spread redistribution of land in the country. This was done, as Pastore points out, by replacing the term ‘agrarian reform’ in the former Agrarian Statute of 1940 with the more vague term ‘rural welfare’ in the 1963 Agrarian Statute. The same measure is also visible in the replacing of the institute in charge executing agrarian policy in the country, the existing Institute of Agrarian Reform with the new Institute of Rural Welfare.¹⁶⁵ The importance of the semantics in the agrarian legislation under Stroessner is also emphasised by J.M.G. Kleinpenning in his study *Man and Land in Paraguay*.¹⁶⁶

In the National Constitution of 1967, however, agrarian reform was established as a fundamental requirement in obtaining rural development. Moreover, the Constitution established a reaffirming of the historical legal tradition ensuring the right for every Paraguayan family own a piece of land..¹⁶⁷ By affirming the use of agrarian reform in the Constitution, the Stroessner regime sent a message to the Paraguayan people that the problems in the countryside and the interests of the large group of small farmers in the country was taken seriously and that something was being done. However, the Constitution further defined agrarian reform as being achieved through the exact same measures as in the 1963 Agrarian Statute, the effective incorporation of the rural population into the national economic and social development.¹⁶⁸

In an effort to reach out to the people of Paraguay, agricultural related issues were also commented on a daily basis in the national newspapers. As the media was controlled by or run directly by the government, the communication through these channels needs to be understood as an instrument in Stroessner’s widespread manipulation of the Paraguayan

¹⁶⁵ Pastore 1972: 464; Estatuto Agrario 1963; Que crea el Instituto de Bienestar Rural 1963.

¹⁶⁶ Kleinpenning 1987: 123.

¹⁶⁷ Constitución de 1967: art. 83, 128-131; INDERT 2007: 10. This right was first established in the Colonisation and Homestead Act of 1904

¹⁶⁸ Constitución de 1967: art. 128.

population.¹⁶⁹ In analysing articles concerning agrarian issue in the ‘independent’ newspaper *La Tribuna*, in the 1960s, the character of the articles can be described as all giving a highly positive image of the rural situation in the country. Rural problems were noted to exist, but they were always reported to be thoroughly analysed, under control and solutions provided by the government. The articles primarily provided news from the colonisation frontier about new parcels of land ready to be distributed, or about the life of the pioneers. The articles commented upon latifundias expropriated and about the titling of land to small farmers in different regions of the country. Of particular interest is that fact that in all the articles analysed, the term ‘agrarian reform’ was used instead of ‘rural welfare’.¹⁷⁰

In addition to the articles, the newspapers also contained advertisings of rural development programmes stating the regimes achievements as well as the further goals for the years ahead. This is illustrated in the image on the page below, which is an advertising of the government’s program of titling of land. In large writing the advertisement informs that between 1985 and 1989 the Stroessner Government would provide one million properties to one million people. Below, it informs that in 1984 there existed a total of 855 962 properties in the country. In the years between 1985 and 1989 the Stroessner Government would thus increase this number by establishing 144 038 properties more. As a conclusion, on the background of the above discussion the rhetoric imbedded in the legislation needs to be understood as an attempt to justify and legitimise its regulations towards the large group of campesinos in the country. This gave the legislation a character of populism, in what can be understood as a search for mass acceptance and the avoidance of rural uprisings.

¹⁶⁹ Fowler 1996: 103.

¹⁷⁰ *La Tribuna* 09.06.1963; *La Tribuna* 06.08.1963; 30.08.1963; *La Tribuna* 30.03.1964; *La Tribuna* 09.05. 1964; *La Tribuna* 10.05.1964; *La Tribuna* 17.05.1966; *La Tribuna* 12.11.1968; *La Tribuna* 21.11.1968; *ABC Color* 15.11.1968.



Image 3.1 Propaganda on titling of agricultural land from the IBR. Source: Zoomers 1988: 123.

3.5.2 The Legislation as an Instrument of Control

Control is a prerequisite for the existence and survival of any authoritarian regime as its very definition rests upon consisting of concentrated and highly centralised power structures through the use of power and alliance building, repression and exclusion of political challengers. Within such structures the attempt to impose high levels of control in all elements of society constitutes a vital component.¹⁷¹ As emphasised in chapter two the Stroessner

¹⁷¹ Linz 2000: 159-163.

regime used a wide range of control mechanisms embracing every aspect of the Paraguayan society.¹⁷² In an overall view the regulations in the agrarian legislation can be understood as such a mechanism in an effort to gain control of the country's agricultural resources as well as the beneficiaries of these reserves. The law making process constituted a first attempt in this direction, organising and gaining insight in the agrarian interests in the country, making it possible to constrain any contradicting opinions through repression and co-opting.

The agrarian legislation that was implemented provided control over agrarian resources and beneficiaries in several ways. Primarily, this was done through the detailed definitions and regulations of the law's beneficiaries, size of land, and type of production in an attempt of steering the agrarian sector into the wanted direction. What is striking is however that the legislation constituted a means of controlling both official and private colonisation as well as the restructuring of private land, providing the government with a firm grip over practically all agricultural land within the country. At the same time, giving the IBR wide authorities in the more specific and practical decisions in relation to the legislation, and by placing the institute out of the reach of regulation by other governmental bodies, meant that policy in practise more or less could take form according to the immediate necessity of the regime.

Furthermore, according to Brian Turner in his article on peasant-state relations in Paraguay the agrarian legislation under Stroessner was part of an effort to extend state power and control in the rural society. Turner argues that the 1963 Agrarian Statute through its regulations fundamentally altered the social relations in the countryside by making the campesinos dependent on the government.¹⁷³ Turner emphasises the situation in the new colonies, arguing that the settlements were organised in a way that made the inhabitants strongly dependable of the regime, ensuring a hierarchical relationship between the local elite and the pioneers through the patrimonial channels of the Colorado Party.¹⁷⁴

¹⁷² Miranda 1990: 124; Fowler 1996: 94-105.

¹⁷³ Turner 1993: 65.

¹⁷⁴ Turner 1993: 68; Informativo Campesino No. 7, 1989: 2.

In its ultimate expression the agrarian legislation under Stroessner can be understood as an instrument of control not only through putting the agrarian resources and its beneficiaries under firm state regulation, but also through generating political stability and legitimacy to the regime as suggested in the analysis of this chapter.

3.6 The Agrarian Situation and the Downfall of Stroessner

As outlined in the second chapter, the beginning of the 1980s marked the start of a series of political, economical and social challenges that eventually lead to the demise of the Stroessner regime in 1989. The situation in the agrarian sector and in the rural society in general constituted an important component in this development. In the beginning of the 1980s recession once again became evident in the agricultural sector, mainly due to falling international prices on vital exports products such as soy beans and cotton.¹⁷⁵ The problems in the agricultural sector created doubts about the agrarian policies pursued by the regime. In a system founded on distributing benefits, continuing economic growth in the agricultural sector was, as during the recession in the early years of the Stroessner regime discussed in the beginning of this chapter, a paramount for the continuing political support from the rural elite.¹⁷⁶ Contributing to the deteriorating situation in the agrarian sector was the decline in agricultural land available to the state to distribute to its supporters.¹⁷⁷

Moreover, as argued by Zoomers the colonisation process initiated by the 1963 legislation did in practice not resulted in any significant improvement for the country's campesinos. First of all, the majority of the minifundistas in the Central Region did not move out, thus resulting in little improvement in the land distribution in this overpopulated area.¹⁷⁸ Comparing data from the 1956 and the 1991 Agrarian Censuses indicate that the skewed distribution of land also at

¹⁷⁵ Miranda 1990: 125-126; Roett and Sacks 1991: 80; Riquelme 2003: 27-28.

¹⁷⁶ Miranda 1990: 129; Roett and Sacks 1991: 129.

¹⁷⁷ Roett and Sacks 1991: 79.

¹⁷⁸ Zoomers 1988: 152-153.

a national level had not improved during the Stroessner regime.¹⁷⁹ Second, the conditions for the campesinos in the new colonies were poor due to insufficient technical and social assistance in cultivating the new lots, and the failing to receive property titles to their land by the IBR. Worsening the situation for the campesinos in the colonisation areas was the arrival in the 1970s by large groups of foreign investors establishing agro-businesses.¹⁸⁰

In the final years of the Stroessner regime the conditions in the new colonies in particular gave rise to growing dissatisfaction among the campesinos in the country and an intensification of rural conflicts.¹⁸¹ The changes in the socio-political context had led to splits within the ruling power block which created a political environment opening for civic action. In this context, several campesino movements formed outside of the regime's traditional clientilistic structures, backed notably by the Catholic Church.¹⁸² International development agencies and non-governmental organisation also appeared within this new political climate, supporting grassroots and community organisations and providing valuable training for campesino leaders.¹⁸³ This development would lay the ground for the campesino movement's activities and participation in the democratisation process taking place after Stroessner's downfall in 1989.

¹⁷⁹ Censo Agropecuario Nacional 1956; Censo Agropecuario Nacional 1991.

¹⁸⁰ Zoomers 1988: 150-152; Nagel 1999: 154.

¹⁸¹ Riquelme 2003: 30.

¹⁸² Galeano 1991: 54-55; Nagel 1999: 156; Marió, Silva-Leander and Carter 2004: 20.

¹⁸³ Galeano 1991: 54-55; Nagel 1999: 156.

4 CHAPTER 4: THE DEMOCRATISATION PROCESS 1989 – 2008; IN PERSPECTIVE OF AGRARIAN LEGISLATION



Image 4.1. The image illustrates the ambivalent sentiments present in the Paraguayan rural society in the immediate aftermath of Stroessner's downfall, the man on the left side of the image expressing joy over the ending of the dictatorship, singing "how nice, nice, nice, how nice, nice is the campesino life when Stroessner now is gone," while the other man on the right side expresses his uncertainty of what the future will bring for the campesinos in the country by asking the questions "what about salary, what about agrarian reform, what about health, what about education, what about...". Source: *Informativo Campesino* No. 5, 1989.

Stroessner's downfall in February 1989 brought the Paraguayan nation into a collective shock and bewilderment about the future. Stroessner had become the symbol of Paraguay, and after almost thirty five years of dictatorship nearly 75% of the country's population knew no other reality.¹⁸⁴ Chapter four has outlined how the situation had deteriorated for the large group of campesinos despite three decades of colonisation policy. The sentiments of ambiguity about what to expect were thus also present in the countryside, as illustrated in the image above.

¹⁸⁴ In 1989 nearly 75% of the Paraguayan population was under 35 years of age. Source: Fowler 1996: 93.

The military coup of General Andrés Rodríguez prompted an unexpected transition towards democracy in Paraguay with the opening of democratic elections, the introduction of political rights, and the promises of further reforms.¹⁸⁵ With the political changeover came new questions, especially as Paraguay had no former democratic history. As defined in the introduction chapter, in principle, democratisation means the introduction of new rules to the political game. The process should increased participation in the political decision making by members of society. It also implies that decisions made are consistent with the needs and requirements of the people concerned. Moreover, democratisation includes the building of democratic institutions and that the political actors respect and follow the rules imbedded in these.¹⁸⁶ However, the building of institutions and integration of new political actors takes time and, perhaps most importantly, it often unfolds within the remnants of the previous political structures and traditions.

This chapter examines the democratisation process in Paraguay between 1989 and 2008, focusing on the agrarian question, which maintained its vital position on the national political agenda. In contrast to the Stroessner era, the agrarian question now changed from mainly being a matter for the ruling elite, to become more democratic and multifaceted. In its ultimate and most compound expression, the agrarian question in this period was ventilated through a demand of an updated and more democratic agrarian legislation in the shape of agrarian reform. This was a demand put forward by the campesinos and landless in the country, a majority group in the Paraguayan society that entered with great intensity on to the new political stage emerging after 1989.¹⁸⁷

However, a new agrarian statute was not implemented until 2002, followed by the replacing of the IBR with the *National Institute of Rural Development and Land* (INDERT) in 2004. How could a legislation implemented under an authoritarian regime, perceived to be outdated

¹⁸⁵ Sonntag 2001: 136.

¹⁸⁶ Huntington 1991: 9; Philip 2003: 7, 12-14; Tilly 2003: 39.

¹⁸⁷The rural population in Paraguay in this period was estimated to constitute 49% of the country's total population in 1992 and 43% of the total population in the latest statistics from 2002. The 1991 and the 2008 agrarian censuses incitate that throughout the period the majority of the rural population was by far comprised of campesinos with holdings of five hectares or less. Sources: Censo Nacional de Poblacion y Vivienda 1992, 2002. Censo Agropecuario Nacional 1991, 2008.

and undemocratic, able to survive within the emerging democratic system – for a period of over thirteen years?

This chapter addresses the second of the subordinate research question in the thesis; *how and why can the development in the question of a new agrarian legislation be interpreted as an expression of the mechanisms at work in the democratisation process in Paraguay?*

As in the previous chapter the structure of the analysis follows the chronological development in the question of the agrarian legislation in the given period. The chapter identifies and discusses four phases within this development. It starts by examining the emergence of the campesino organisations within the opening of a civil society as political pressure groups in the initial period of democratisation. Second, it identifies and analyse a turning point in the legislative development in the period in the creation and inauguration of the 1992 Constitution. Furthermore, in the third section the chapter aims at explaining the lack of a further implementation of an agrarian legislation that would replace the laws from the Stroessner era. Finally, the last section analyses the new agrarian legislation established in 2002 and 2004. Throughout the chapter the question of the agrarian legislation is discussed in relation to the development within the democratisation process. Furthermore, the analysis will be compared with the findings from the previous chapter concerning the Stroessner regime, in such providing a historical long term perspective on the development in question.

4.1 Demands for a New Agrarian Legislation

4.1.1 *The opening of Civil Society; New Pressure Groups*

The initial phase of the democratisation process in Paraguay was characterised by the opening of a civil society with the introduction of political rights in form of freedom of speech and association, stimulating a burst of political and civic activity in the country.¹⁸⁸ Despite heavy repression, rural conflict had intensified in the final years of the Stroessner regime, making the existing campesino organisations in the country ready to take advantage of the situation that presented itself in the wake of the 1989 coup. Only days after Stroessner's downfall, the campesino organisations for the first time in Paraguayan history carried out a national mobilisation.¹⁸⁹

The change towards a political system perceived to be more open and more sympathetic to the situation of the campesinos generated a flourishing of new interest organisations. In 1989 there existed five national campesino organisations.¹⁹⁰ However, split by ideological beliefs, the number of organisations on a national level had in 1992 increased to ten.¹⁹¹ In addition to the organisations representing the interests of the campesinos, the latifundistas in the country continued to be represented by the traditional *Paraguayan Rural Association* (ARP) and the newly founded the *National Organisation of Property owners* (ANAPRO).

Moreover, in the first years of the democratisation process the campesino organisations started to transform in character, relieving themselves from the close ties to the Catholic Church established under the dictatorship and evolving as autonomous organisations operating at local, regional and national levels. During this period the organisations gained

¹⁸⁸ The New York Times 08.02.1989. <http://www.nytimes.com/1989/02/08/world/paraguay-s-chief-shakes-up-army.html?scp=17&sq=democracy+paraguay&st=cse>. Read 13.04.2009; Riquelme 2003: 28.

¹⁸⁹ Fogel 1996: 191; Nagel 1999: 156; Riquelme 2003: 28.

¹⁹⁰ These were the *National Coordination of Agricultural Producers* (CONAPA), the *Paraguayan Campesino Movement* (MCP), the *National Campesino Organisation* (ONAC), the *National Campesino Union* (UNC), and the *Young Christian Campesinos* (JCC). Source: Informativo Campesino No. 11, 1989: 4; Molinas et al. 2006: 26.

¹⁹¹ Fogel 1996: 198; Riquelme 2003: 28-29, 52.

strength and visibility as political actors, resulting in an increasing ability to promote their political agenda.¹⁹² In such, the emergence of a campesino movement in this period can be understood as an expression of an actual change in the Paraguayan political structure in the opening of a civil society, as well as functioning as a vital component in this process.

4.1.2 New Expectations, Rising Demands

Data from the 1991 Agrarian Census indicate that only in the last decade of the Stroessner regime the number of minifundias¹⁹³ in Paraguay had increased from 36% to 40%. The same census suggests that these farms together controlled only 1% of the country's agricultural land, equivalent to the data found in the 1956 Agrarian Census.¹⁹⁴ In other words, this indicates that the small parcels of land that were registered in 1956, were even smaller in 1991. Consequently, there was less land to share among a steadily growing population, and the poverty level in the countryside was escalating. Thus, there seems little doubt that the situation for the campesinos deteriorated during the Stroessner era.¹⁹⁵ Hence, with the introduction of democratic principles, old demands from the campesinos were revitalised and further fuelled by new ones.

As a continuation from the final years of the Stroessner regime, the demand for access to agricultural land from the large group of landless rural families¹⁹⁶ was now swiftly intensified. Only hours into the coup in 1989 a landslide of occupations of uncultivated land was registered, such as in the region of Alto Paraná where over 200 landless families occupied

¹⁹² Informativo Campesino No. 4, 1989: 3; Informativo Campesino No. 6, 1989: 3; Informativo Campesino No. 7, 1989: 3-5; Informativo Campesino No. 11, 1989: 3-5; Nagel 1999: 158-159.

¹⁹³ Land holdings between 0-5 hectares.

¹⁹⁴ Censo Agropecuario Nacional 1956; Censo Agropecuario Nacional 1981; Censo Agropecuario Nacional 1991; Informativo Campesino No. 40, 1991: 3.

¹⁹⁵ Brunstein Alegre 2008: 343.

¹⁹⁶ Data concerning the amount of landless families existing in Paraguay in the beginning of the 1990s is highly controversial. As official numbers recognised the existence of 60 000 rural families without land, researchers have estimated these numbers to have reached over 200 000 families. A study estimated the need for land in the period 1989-1993 to be 2.5 million hectares. Sources: Turner 1993: 70; Informativo Campesino No. 16, 1990: 28; Nagel 1999: 159.

parts of a latifundio.¹⁹⁷ During 1989, approximately 90 cases of land conflicts were registered. The occupations continued with high intensity in the following years.¹⁹⁸ These acts constituted as the most extreme expression of the needs of the landless families, justified through the old usufruct right to land first established in 1904.¹⁹⁹ This wave of rural activism in the primary years after the coup was according to sociologist Beverly Y. Nagel, as she points out in her article *Rural Violence and Land Rights in Paraguay*, exceptional. Furthermore, she argues, the occupations must be understood as conscious political acts arranged by the campesino organisations, directly connected to the question of legal rights and rural developmental policy, and not as opportunistic acts by individuals as some have interpreted them.²⁰⁰ Moreover, new demands emerged, such as direct participation by campesino representatives in government, democratic agrarian politics, real political liberties for all rural groups, and the integration of previously marginalised social groups, such as women and indigenous people, on to the political arena.²⁰¹

As mentioned earlier, the demands for change put forward in the period of democratisation was ultimately a demand for a new agrarian legislation as the laws implemented under the Stroessner regime were perceived as outdated and undemocratic.²⁰² Since the turn of the 1990s, the land available for distribution in the frontier region was so limited that the official colonisation program established in the 1963 Agrarian Statute in practice was ended.²⁰³ Furthermore, the nature of certain articles in the Statute, such as the distribution of land to the members of the Armed Forces, as well as age limits on the distribution of colonial lots, were perceived by the campesino organisations, a view reflected by various academics in the country, as undemocratic and insisted upon to be removed. It was therefore expected that a new and more democratic legislation reflecting the interest of the rural population, would

¹⁹⁷ Informativo Campesino No. 15, 1989: 2.

¹⁹⁸ ABC Color 05.04.1989; ABC Color 18.04.1989; ABC Color 07.06.1989; Ultima Hora 24.04.1989; Informativo Campesino No. 9, 1989: 24, 39-39; Informativo Campesino No. 10, 1989: 26; Informativo Campesino No. 15, 1989: 2-3; Informativo Campesino No. 21, 1990: 28; Informativo Campesino No. 39, 1991: 3; Informativo Campesino No. 51, 1992: 2-9.

¹⁹⁹ As explained in chapter 3, the right to occupy uncultivated and underexploited land was first established in Paraguay by law in 1904. Under the Stroessner regime this right was reaffirmed in the 1963 Agrarian Statute and the 1967 National Constitution.

²⁰⁰ Nagel 1999: 148.

²⁰¹ Informativo Campesino No. 4, 1989: 14.

²⁰² Informativo Campesino No. 146, 2000: 2-3.

²⁰³ World Bank 1995: 23.

accompany the political transformation.²⁰⁴ The campesino organisations assumed and emphasized in their demands that only an extensive agrarian reform with widespread expropriation and redistribution of land could provide the solution needed to solve the destitute situation in the countryside. Moreover, the agrarian reform needed to be accompanied by the access to technical and financial resources, the creation of infrastructure in the campesino communities, the securing of fair prices for the agricultural products based on production costs, and the opening and securing of new markets.²⁰⁵ Three months after the coup in 1989, as part of a campaign for the participation of campesinos in the democratisation process (NEIKE), a national seminar concerning the promotion of an agrarian reform was conducted with the participation of all the national campesino organisations as a first attempt in influencing the implementation of a new legislation.²⁰⁶

4.1.3 New Players, Old Rules?

“The problem of land is going to be an ordeal for the democracy and above all for the government of General Rodríguez.”²⁰⁷

Politics in the first years of the democratisation process became increasingly marked by the fact that Paraguay was a rural society, as to be understood in the quote presented above from one of the initiators of the NEIKE campaign, *Mario Melanio Medina* in 1989. The problems and the demands of the many campesinos and landless families gained increasing visibility and strength, and could not be ignored to the same extent as had been the case in the previous regime. As part of General Rodríguez presidential election campaign, agrarian reform became firmly established on the national political agenda and declared a priority for the new

²⁰⁴ Hoy 18.06.1989; Informativo Campesino No. 4, 1989: 20; Informativo Campesino No. 8, 1989: 18; Borda 1990: 74.

²⁰⁵ Informativo Campesino No. 6, 1989: 15; Informativo Campesino No. 12, 1989: 5; Informativo Campesino No. 13, 1989: 4-5; Informativo Campesino No. 16, 1990: 4; Informativo Campesino No. 19, 1990: 3-5.

²⁰⁶ Borda 1990: 11-17.

²⁰⁷ A-b-c Revista 30-VII-89. The quote is translated from Spanish.

government after Rodríguez won the elections in May, 1989.²⁰⁸ As an expression of the promises made, the same year a *National Council of Rural Development* (CONCODER) was created with the instructions to promote agrarian reform.²⁰⁹ Moreover, in 1990 the *Council of Rural Development* (CDR) was established with the main tasks of coordinating the governmental politics on agrarian reform and to analyse the rural situation.²¹⁰

Nonetheless, the campesino organisations did not gain the ability to participate in the decision making in any considerable degree during this period, as they generally were excluded from representation in any of the governmental bodies in charge of the agrarian question. The creation of the CONCODER illustrates this. The council had representatives from the government, various ministries and governmental developmental and agricultural crediting agencies, the Central Bank, the IBR as well as representatives for the latifundistas, the ARP. Still, despite this broad representation of advisors and other interest groups, none of the five national campesino organisations were included.²¹¹ In contrast, the above mentioned ARP, was represented in most government councils, as well as keeping close ties with President Rodríguez who were known to attend most of the organisation's meetings.²¹²

The demands from the campesino organisations resulted in few real changes to alter the agrarian situation in the country. Instead, the period was characterised by unfulfilled promises from the Rodríguez Government and the continuation of past traditions from the dictatorship in dealing with rural conflicts.²¹³ Land occupations and rural conflicts in general were increasingly dealt with through the use of extensive force by the government as well as the latifundistas themselves, either assisted by the police or hired gunmen. In 1990 police and army units swept the countryside burning the provisional homes of land occupants and destroying their crops and belongings, followed by the arrest of hundreds of people. As an example, in 1990 and in the month of July alone, over 200 campesinos were imprisoned in

²⁰⁸ Informativo Campesino No. 7, 1989: 17, 22; Informativo Campesino No. 16, 1990: 28.

²⁰⁹ Informativo Campesino No. 8, 1989: 2.

²¹⁰ Informativo Campesino No. 31, 1991: 19; As soon as in 1992 the CDR disappeared amid a scandal over the distribution of ear-marked funds to rural development. Source: Notisur – South American Political and Economic Affairs 10.01.2004.

²¹¹ Informativo Campesino No. 8, 1989: 2; Informativo Campesino No. 17, 1990: 2.

²¹² Fogel 1992: 123.

²¹³ Informativo Campesino No. 13, 1989: 2-3, 8.

Ciudad de Este.²¹⁴ In 1991 a total of 66 cases of conflict over land and 556 arrests for alleged crimes were reported, including the reports of the murders on five campesino leaders.²¹⁵ These actions were frequently justified as proclaimed acts of defence of private property. However, as Nagel points out, the protection of property rights in the country was far from universal. On several occasions campesinos were denied titles to land that were already paid for or driven away from their properties.²¹⁶

The absence of the campesino organisations in the political decision making arena and the continuing of repression and violence against the campesinos and the landless indicate the presence of severe deficiencies in the democratic development in the country. To provide a clearer picture of some of the underlying components in the development of the agrarian question in this period, the next section will examine the public discourse that followed this issue.

4.1.3.1 The Public Discourse

The public discourse concerning the agrarian question in the first phase of democratisation soon evolved from a positive to a highly negative public image of the campesinos and landless families and their demands. According to Nagel this transformation can be explained on the basis of two factors. As accounted for in chapter two, most of Stroessner's political supporters, in this case the rural elite, continued to have a powerful position in the Paraguayan society despite the downfall of the regime. The elite's political and economical privileges derived from within the old clientilistic structure, however, emerging outside this structure, - the campesino movement challenged both these privileges. Politically the movement demurred the political primacy of the rural elite by seeking participation in the decision

²¹⁴ Informativo Campesino No. 6, 1989: 4; Nagel 1999: 166.

²¹⁵ Informativo Campesino No. 13, 1989: 7; Informativo Campesino No. 15, 1989: 10; Informativo Campesino No. 39, 1991: 3; Nagel 1999: 148-149.

²¹⁶ Nagel 1999: 174; Informativo Campesino No. 6, 1989: 13-14 ; NotiSur – South American Political and Economic Affairs 10.01.2004.

making processes. Economically, the campesino movement posed a threat through its rising demands for land, justified through the traditional usufruct right to occupation of uncultivated or underexploited land. In particular, this development was a serious threat to the group of the rural elite engaged in the new opportunities of rent-seeking²¹⁷ activities generated through the expansion of the capitalist farming in the 1970s.²¹⁸

Lacking the extensive control mechanisms applied to suppress land conflict under the dictatorship, in an the effort to protect their position in society – the rural elite turned to what was regarded as the best measure available within the new political framework, the public discourse. With the use of ideological connotations the latifundistas sought to discredit the campesinos and the landless, portraying them as radicals with communist connections and as a destabilising and violent force in the Paraguayan society. It was the campesinos who threatened to undermine democracy and the rule of law.²¹⁹ Specifically, the latifundistas attempted to deflect the understanding and the public opinion of land conflict and land rights.²²⁰

In 1990 Rodríguez declared “total war on invaders of private property.”²²¹ Public statements from other authorities also contributed to the shift of opinion, such as the IBR announcing that invasions of private property were attacks on human rights.²²² According to Nagel, these efforts led the traditional usufruct right to land to disappear from the public discourse, indicating just how much power of influence the latifundistas still enjoyed in the Paraguayan society.²²³ Within this new, emerging public perception of the rural question, occupants of land were branded as criminals, contributing to legitimise the use of repression and violence by the latifundistas and their allies as a rightful defence of what was already theirs. Moreover,

²¹⁷ In short, rent-seeking refers to the search of economic regulation and institutional change by interest groups in their pursuit of generating income. Those who seek regulation are normally well-organised smaller groups willing and able to invest resources to obtain it. Rent seeking is defined as a socially costly pursuit of wealth, as those injured by such regulations often constitutes the majority of a society. Source: xx, in Mokyr 2003: 364-367. In Paraguay this activity was intrinsically connected to the clientilistic relations so deeply imbedded in the structure of the Stroessner regime.

²¹⁸ Nagel 1999: 174-176.

²¹⁹ Nagel 1999: 162, 176-178; ABC Color 26.06.1989.

²²⁰ Nagel 1999: 160.

²²¹ ABC Color 28.03.1990; Informativo Campesino No. 18, 1990: 2.

²²² Informativo Campesino No. 6, 1989: 13.

²²³ Nagel 1999: 174.

the rural elite attempted to change the opinion of which policy measures needed to be taken in order to solve the rural issues in the country. The *altifundistas* argued that enhancing the agricultural productivity was the key to overcome the problems, and that this should not be confused with changing the ownership of land. Thus, the *campesino* demand for agrarian reform through the extensive redistribution of land was in this discourse portrayed as a hinder rather than a stimulus to further national development and economic prosperity.²²⁴

The development in the agrarian question in the initial years after the downfall of Stroessner can be interpreted as an expression of the democratisation process in the country in perspective of the conflict between the *campesino* movement and the rural elite. The tension between these groupings may be understood as a power struggle between new and old political actors trying to find their position in the dimension between the still existing arrangements of the Stroessner regime and the emerging democratic structures that coexisted in this period. In other words it was a battle over who were to take part in democracy and on which terms. The nature of the development in the agrarian question suggests that old political players and old traditions continued to play a powerful role in the Paraguayan society throughout this period, expressing the strong persistence of pre-democratic traditions and structures. What influence decision making in such an environment are the political perceptions of what seem possible facing conflicting interests and demands among important support groups and potentially dangerous opponents. Usually, the state will have to choose between promoting the interests of the rural poor, or those of its more powerful support groups.²²⁵

²²⁴ Nagel 1999: 165.

²²⁵ Barraclough 1990: 3-4

4.2 A Legislative Turning Point; the 1992 Constitution

As previously discussed in chapter two, the new Constitution in 1992 constituted a turning point in the democratisation process in Paraguay. The event was also crucial in providing a first change in the agrarian legal basis that had survived from the Stroessner era. According to Nagel, the Constitutional debate concerning the articles of agrarian regulations in the new Constitution developed along the same lines as the public discourse in the years prior to the event. Ultimately, it was presented as a choice between land reform and rural development.²²⁶ The national Constitutional assembly, consisting of only a few campesino representatives, in the end adopted articles, much of it drawn from a draft suggested by the ARP, providing a strong guarantee of private property rights.²²⁷ The Constitution continued to, as in the former 1967 Constitution, to confirm expropriation of underexploited land as a measure of meeting social needs in the country. However, at the same time it was declared that expropriations were to be compensated fully in advance, each case to be determined through the passing of a specific law.²²⁸ Nagel argues such a demand made expropriation practically impossible, thus leaving agrarian reform in the form of redistribution of land difficult to carry out.

A crucial change from earlier agrarian legislation was the exclusion of the traditional usufruct right to land in the new Constitution. This move relieved the state in a significant degree from its responsibility concerning the land issue and left it a matter of regulation through the market forces.²²⁹ In a wider historical context the regulations in the 1992 Constitution can be understood as part of a general trend in rural development strategy in the Latin American region in the 1980s and 1990s in the shift towards neoliberal policies, precisely characterised by their objective in stimulating rural development and prosperity through the market.²³⁰ In perspective of the democratisation process the agrarian articles in the new Constitution can be understood as an expression of the emergence of liberal democratic values. The fact that this development coincided with the interests of the rural elite created an increasingly difficult situation for the campesinos and the landless in Paraguay.

²²⁶ Nagel 1999: 167.

²²⁷ Riquelme 2003: 64.

²²⁸ Constitución de la República del Paraguay 1992: art. 109.

²²⁹ Riquelme 2003: 63; Informativo Campesino No. 44, 1992: 2-3.

²³⁰ Deree and Leon 2001: 33-34.

4.3 The Lack of Further Agrarian Legislation

The inauguration in 1993 of Paraguay's first civilian president in 39 years, Juan Carlos Wasmosy, represented further advances to the democratisation processes. Despite the continuing persistence of many of the old elements from the Stroessner regime, the period witnessed increased participation of new political actors facilitated through the new Constitution, as well as the implementation of basic democratic reforms.²³¹ In the agrarian question, economic recession and climate conditions, in particular in the second half of the 1990s, contributed to further misery for the campesino population. Although data from the 2008 agrarian census suggests a decrease in the concentration of land during this period²³², poverty levels in the rural areas remained high.²³³

Demands from the campesinos expressed through demonstrations, marches and land occupations continued to characterise the Paraguayan society. As political actors, the various organisations in general became stronger in this period, despite fractionalisation as a unified movement towards the end of the 1990s.²³⁴ Nonetheless, rural conflicts continued to be solved through the use of repression and violence from the government and the rural elite, and as in the period before the efforts from the Paraguayan government to change the agrarian situation in the country bore, literally, little fruit.²³⁵ Finally, rural conflicts and the ominous presence of the agrarian question constituted throughout the period a source of instability in an already fragile political climate that culminating in the attempted coup d'état in 1996 and the murder of the vice president in 1999.²³⁶

²³¹ Molinas 2006: 15; Marió, Silva Leander and Carter 2004: 21.

²³² Because of the long period between the 1991 and the 2008 Agrarian Censuses it is difficult to say when this development started. Moreover, while the 2008 census indicates a decrease in the concentration of land the improvement was marginal. Furthermore, as mentioned in chapter two, this decrease coincides with the decrease in the rural population.

²³³ Marió, Silva-Leander and Carter 2004: 7-8; Otter 2008: 94.

²³⁴ Riquelme 2003: 52-53.

²³⁵ Riquelme 2003: 28-30.

²³⁶ Marió, Silva-Leander and Carter 2004: 22; Sonntag 2001: 136-137;

<http://www.nytimes.com/1999/03/02/world/political-battle-threatens-to-destabilize-paraguay.html>. Read 23.04.09.

The demoractic elected Wasmosy had generated hopes of change amongst the Paraguayan campesinos and landless. In the election campaign every candidate promised measures towards solving the agrarian issues in the countries, though consequently failing to offer specific solutions to the problems.²³⁷ However, rather than leading to a new direction in the development of the agrarian question, the new president, a member of Stroessner's Colorado Party and a former president of the ARP, represented a prolonging of old traditions in the relations between the campesinos, the rural elite and the government.²³⁸

Unified through the creation of the *National Coordinating Committee of Campesino Organisations* (MCNOC), the campesinos gained strength in the early 1990s in their role as political actors, which materialised through the increase in demonstrations and land occupations.²³⁹ Amongst several other events, the magnitude of their dissatisfaction and increased strength could be seen in the massive demonstration on March 15th, 1994. More than 15 000 campesinos and landless from all over the nations came together in Asunción in a historic manifestation of solidarity, as can be seen in the images below. This event marked the beginning of what has developed into an annual national campesino demonstration.²⁴⁰ Despite the joint attempts of the campesino organsiations, repression and violence continued under the Wasmosy government. Moreover, the government's efforts to solve the rural problems in country were mainly limited to the expropriation of single tracts of land. To illustrate the ineffectiveness of these measures, according to official figures, 527 000 hectares of land was expropriated since the coup, though only 47 000 hectares was distributed to the target group of landless families.²⁴¹ As the redistribution of land was not accompanied with any technical and social assistance or official credit, the families receiving land were often forced to abandon the land assigned to them as they did not possess the resources needed to take advantage of it.²⁴²

²³⁷ Informativo Campesino No. 53, 1993: 2-3; Informativo Campesino No. 56, 1993: 2-3.

²³⁸ Nagel 1999: 171.

²³⁹ Riquelme 2003: 51; Informativo Campesino No. 70, 1994: 2-3; Informativo Campesino No. 75, 1994: 5; Molinas et al. 2006: 26.

²⁴⁰ Informativo Campesino No. 66, 1994: 2-3, 8; Informativo Campesino No. 102, 1997: 8-9; Informativo Campesino No. 126, 1999: 2; Molinas 2006: 26.

²⁴¹ Inter Press Service English News Wire 15.09.1995.

²⁴² Informativo Campesino No. 83, 1995: 14-15; Informativo Campesino No. 93, 1996: 13.



Image 4.2. Picture from the nationwide campesino demonstration in Asunción on the 15th of March, 1994. The picture shows the crowd of people who had gathered in front of the National Parliament.



Image 4.3. Picture from the nationwide campesino demonstration in Asunción on the 15th of March, 1994. The picture shows a regional division of the campesino organisation FNC from the department of San Pedro.

In the 1998 elections Raúl Cubas succeeded Wasmosy as president. Cubas was, however, forced to resign in March 1999 because of his alleged participation in the murder of the vice president the same month.²⁴³ The campesino organisations played a significant role in Cubas' downfall through participating in a massive demonstration demanding that Cuba would step down.²⁴⁴ Luis Ángel González Macchi took over the presidency, and promised the campesinos political stability as well as measures to battle the increasing levels of rural poverty.²⁴⁵ The genealogy in the late 1990s of falling international prices on cotton, problems of parasites, and climatic disruptions added to the already precarious situation of the small-scale cotton farmers.²⁴⁶

However, the earlier unified campesino movement was now split into two fractions fraction due to ideological differences. Campesino mobilisation and protests continued, but in a lesser scale than under the Wasmosy Government.²⁴⁷ As during the first phase of democratisation, demands for a new agrarian legislation were repeated. Various projects were delivered to Congress for evaluation with suggestions of a partial or total modification of the 1963 Agrarian Legislation, such as the *Program of Agricultural Modernisation* (PROMODAR), the *National Institute of Colonisation and Agrarian Reform* (INCORA), the Agrarian Code and the *National Secretary of Land and Rural Development* (SENTDER). The evaluation and approving of the projects were continuously put on a standstill in Congress for long periods, before being rejected.²⁴⁸ Then, in 2002, a new Agrarian Statute was finally created, replacing the 1963 Statute implemented in the Stroessner era. As mentioned in the introduction the new statute was followed by another law replacing the IBR with the INDERT in 2004.

²⁴³ Sonntag 2001: 136-137; <http://www.nytimes.com/1999/03/02/world/political-battle-threatens-to-destabilize-paraguay.html>. Read 23.04.09.

²⁴⁴ Informativo Campesino No. 126, 1999: 5; <http://www.nytimes.com/1999/03/29/world/ousted-paraguyan-leader-resigns-and-army-backs-successor.html?scp=3&sq=Paraguay+Cubas&st=cse>. Read 23.04.09; Molinas 2006: 26.

²⁴⁵ <http://www.nytimes.com/2000/05/20/world/coup-attempt-in-paraguay-is-quickly-quelled.html?scp=9&sq=Paraguay+Luis%20Macchi&st=cse> Read 23.04.09; Informativo Campesino No. 132, 1999: 5.

²⁴⁶ Informativo Campesino No. 148, 2001: 2-3; Otter 2008: 94; IMF 1999: 5.

²⁴⁷ Riquelme 2003: 29, 51-52; Informativo Campesino No. 124, 1999: 2; Informativo Campesino No. 139, 2000:2, 6-7; Informativo Campesino No. 150, 2001:17-18.

²⁴⁸ Gadea y Fretes 1999: 14-15; Informativo Campesino No. 78, 1995: 22; Informativo Campesino No. 98, 1996: 9; Informativo Campesino No. 102, 1997: 3; Informativo Campesino No 123, 1998: 19; Informativo Campesino No. 137, 2000: 13; Informativo Campesino No. 146, 2000: 2-3.

4.3.1 Explaining the Lack of a New Legislation; Between Changes in the Decision Making Arena and the Persistence of the Old Structures

The absence of a new agrarian legislation in the second phase of democratisation coincided with the further introduction of new democratic elements. This has to be understood within the context of changes of the political decision making arena in the period, but simultaneously an expression of this development itself. However, as in the former stage of democratisation, elements from the Stroessner regime continued to be a part of the political structure.

The 1992 Constitution had re-structured the political landscape in Paraguay, balancing the relationship among the Executive, the Congress, and the Judiciary in contrast to the earlier arrangement from the dictatorship. The new Constitution weakened the veto powers of the president, who now could be overruled by an absolute majority of both congressional chambers. Moreover, the president could no longer dismiss Congress, but the Congress could impeach the president. Reducing the powers of the President opposite Congress resulted in the shift from decision making revolving around the Executive, as it had been under the Stroessner regime, towards being embedded in the Congress. As the Executive Branch also in the second phase of democratisation remained under Colorado control, the Congress became increasingly pluralistic due to the introduction of representative representation, thus facilitating the incorporation of the new political actors in the decision making and multiplying the number of veto points.²⁴⁹

Furthermore, during this period of time a series of political events²⁵⁰ led to increased factionalism and infighting in the Colorado party, resulting in the president losing power over the party and in a significant weakening of the traditional Colorado-military relations with root in the Stroessner regime. The atomisation of the Colorado Party further contributed to increased possibilities for participation by other actors in the decision making as it created

²⁴⁹ Marió, Silva-Leander and Carter 2004: 21-24; Molinas 2006: 15-17, 20-21, 27; Payne 2002: 204.

²⁵⁰ In particular the attempted coup d'état by General Lino Oviedo in 1996 and the murder of the vice president in 1999.

room for the formation of strategic coalitions with the opposition forces in Congress.²⁵¹ Thus, this new situation also opened up for increased participation for the various campesino organisations.²⁵²

The historical and institutional development described above changed the decision making process in the country, and the development in the question of a new agrarian legislation provides a relevant example of this. First of all, the weakening of the presidential powers over Congress significantly limited the president's ability to impose the policy agenda in comparison to earlier periods. This was reinforced by the established presidential re-election ban by the 1992 Constitution, making every president a 'lame duck' in the ability to enforce decision making at the end of term. Furthermore, because of the pluralistic and fractious divisions that emerged within both congressional chambers in this period all presidents encountered serious obstacles in assembling congressional support for their law making initiatives. The combination of the weak presidential prerogatives and the lack of congressional majority became throughout the period a recipe for political deadlock, as was the case under the Wasmosy Government where any effort at implementing wider agrarian reforms fell apart as the conflicts between the campesinos and the large landowners continuously put president Wasmosy in political check.²⁵³

According to Molinas et al., within this political climate the practice of passing of particularistic²⁵⁴ laws developed due to the cost of enforcing comprehensive and regulatory reforms with redistributive intent. Effective and extensive reforms imply radical changes in economic and political relations, and are therefore very difficult for the various actors to agree upon. Rather, particularistic laws with low visibility and low marginal cost which are less likely to generate conflict within the legislative or Executive-legislative relations therefore become the trend.²⁵⁵ Thus, the absence of a new agrarian legislation can be understood as a result of this development, explaining the thirteen years with various projects under

²⁵¹ Informativo Campesino No. 123, 1998: 2; Marió, Silva-Leander and Carter 2004: 22-24; Molinas 2006: 15-17, 22, 27.

²⁵² Molinas 2006: 19, 26-28.

²⁵³ Marió, Silva-Leander and Carter 2004: 23-24; Molinas et al. 2006: 20, 27-29; Philip 2003: 28; Informativo Campesino No. 82, 1995: 2-3; Informativo Campesino No. 83, 1995: 3.

²⁵⁴ Particularistic laws refer to laws limited in scope and distributive in nature. Source: Molinas 2006: 28.

²⁵⁵ Barraclough 1994: 17; Philip 2003: 2; Informativo Campesino No. 146, 2000: 2; Molinas 2006: 27-28.

evaluation in Congress, but with no result. Moreover, instead of reform, the agrarian legislation passed in this period all had the characteristics of being particularistic laws, such as the numerous 'expropriation laws'²⁵⁶ passed.²⁵⁷

Coexisting and interacting with the new emerging decision making system was the continuing persistence of certain significant pre-democratic elements, in particular the clientilistic tradition characterising the political culture of the Stroessner regime. In this phase of democratisation, initiated by the 1992 Constitution, decision making was thus conducted within new democratic structures, though the outcome being ultimately decided upon with little regard to the accompanying democratic rules. Contributing to a system of multiple political actors, factionalism and infighting shaped by democratisation and political instability was the old political conduct of personal agreements and corruption. This created a political climate that undermined trust and cooperation, making the building of strong and long lasting coalitions necessary to implement any extensive changes virtually impossible.²⁵⁸ According to Philip, those partisan aspects that are a necessary part of the democratic process become to dominate the entire state.²⁵⁹ As a part of this political climate, it is not surprising the thirteen years of absence of any extensive agrarian legislation, taking into consideration the deep rift in the matter between the rural elite and the campesino organisations on the issue.

²⁵⁶ As an example of the character of such a law: In 1995 *Law 613* were passed, establishing the expropriation of 1800 hectares of an estate to be redistributed to 100 landless families in the district of Alto Verá in the department of Itapúa. Source: Informativo Campesino No. 82, 1995: 21.

²⁵⁷ Informativo Campesino Numero 82, 1995: 13, 15; Informativo Campesino No. 123, 1998: 2; Informativo Campesino No. 146, 2000: 2-3; World Bank 1995: 2.

²⁵⁸ Marió, Silva-Leander and Carter; Molinas 2006: 27; Philip: 2, 32-33.

²⁵⁹ Philip 2003: 2.

4.4 A New Agrarian Legislation: an Expression of Democracy?

In January 2002, followed by the creation of a new agrarian institute, INDERT, in 2004, a new agrarian statute²⁶⁰ was implemented after seven years of negotiation in Congress. The final documents were the result of a compromise between the various campesino organisations, agrarian producer organisations, the agro-industry unions, and the ARP.²⁶¹ Accompanying the new agrarian statute was the creation of INDERT in 2004, replacing the IBR established under the dictatorship. In contrast with the IBR, the INDERT was created with closer ties to the Executive, via the Ministry of Agriculture and Livestock.²⁶² The institute had the objective of carrying out agrarian policy in accordance with the regulations set in the Constitution and in the agrarian statute.²⁶³ This section analyses the new agrarian legislation, examining its characteristic and how it reflected the democratic development in the country.

Responding to earlier demands from the campesino organisations, the 2002 Agrarian Statute was in its nature more democratic than the former legislation, in particular regarding the declared beneficiaries of the new law. First of all, the article from the 1963 Agrarian Legislation defining members of the Armed Forces as privileged beneficiaries in receiving land was removed. Second, the age limit established in the 1963 legislation on the receiving on certain types of farms were also removed, the new legislation specifically stating that the beneficiaries of the law were Paraguayan citizens engaged in agrarian activity, regardless of sex and age.²⁶⁴ As in the 1992 Constitution, the 2002 Agrarian Statute established specific assistance to be given in providing easier access to property for women in rural areas.²⁶⁵ Moreover, in contrast to the former statute, the 2002 statute no longer endorsed foreigners as beneficiaries of receiving agricultural land on equal terms as Paraguayan citizens.²⁶⁶

²⁶⁰ Certain articles of the 2002 Agrarian Statute were modified in 2002 and 2004. I will in this analysis refer to the modified version of this law.

²⁶¹ Informativo Campesino No. 160, 2002: 10.

²⁶² Que Crea el INDERT 2004: art. 3.

²⁶³ Que Crea el INDERT 2004: art. 4, 7.

²⁶⁴ Estatuto Agrario 2002: art. 16.

²⁶⁵ Constitución de la República del Paraguay 1992: art. 115; Estatuto Agrario 2002: art 2.

²⁶⁶ Estatuto Agrario 2002.

Rural development was established as the primary objective of the new agrarian legislation, with the goal of erasing rural poverty and its consequences. The law acknowledged, as in the 1992 Constitution, agrarian reform as the fundamental measure in achieving this.²⁶⁷ Diminishing the high concentration of land in the country and providing sufficient land to its beneficiaries, the statute reaffirmed expropriation and colonisation as a measure of redistributing land. Though, as mentioned earlier in the chapter, the regulations in the new Constitution limited severely the use of this instrument in practice.²⁶⁸ Colonisation had, as discussed earlier, been abandoned as a measure of distributing land at the beginning of the 1990s.

The definition of agrarian reform in the 2002 Agrarian Statute may, as in the Constitution, be interpreted as having a technical rather than a structural and redistributive character. Rural development was to be achieved primarily through increased productivity, stimulating the development of the agro-industry which would again improve the conditions in the rural areas, and through the rationalisation of the market.²⁶⁹ In such, the new agrarian statute can be interpreted as continuing the development established in the agrarian articles in the 1992 Constitution in the introduction of market related policies as a solution to the rural problems in the country and as an expression of the general reduction of state presence and control in the Paraguayan society through the process of democratisation. Thus, the new agrarian statute stood in sharp contrast to the former statute implemented under Stroessner which was characterised by high levels of state control.

During the presidency of Oscar Nikanor Duarte Frutos in the period between 2003 and 2008, data from the recent 2008 agrarian census indicate that the situation for the campesinos in the country somewhat improved. First of all, the new agrarian census suggests a smaller concentration of agricultural land compared to the census of 1991.²⁷⁰ This change was however diminutive, and can to some extent be explained by the decrease in the rural population in the same period of time as well as less people becoming involved in agricultural

²⁶⁷ Constitución de la República del Paraguay 1992: art. 114; Estatuto Agrario 2002: art. 2.

²⁶⁸ Estatuto Agrario 2002: art. 2, 9, 18-19, 70, 94.

²⁶⁹ Constitución de la República del Paraguay 1992: art. 114-115; Estatuto Agrario 2002: art. 2-3; INDERT y FAO 2006: 5.

²⁷⁰ Censo Agropecuario Nacional 2008.

activities.²⁷¹ In general, the levels of rural poverty seem to have decreased between 2002 and 2007.²⁷² Though recognising the advances made through the implementation of a new legislation, old demands continued to be heard from the campesino organisations, in particular the demand for a ‘real’ redistributive agrarian reform. Land occupations and demonstrations continued against what the campesino organisations termed a systematic structural violence by the Paraguayan state since the beginning of the Stroessner regime.²⁷³ The new legislation was also criticised for being too conservative in its nature, giving way to a further introduction of neoliberal reforms since the adoption of the agrarian articles in the 1992 Constitution. Moreover, the campesino organisations came with a strong critique of the Duarte government for not following up the new regulations with more specific measures.

Rural conflict continued to be solved through the use of repression and violence.²⁷⁴ Thus, in 2008 the agrarian question, in particular the question of agrarian reform, still constituted a vital part of the national political agenda. Illustrating the seriousness of the matter was the article in the *ABC Color* on June 26th 2008, published five days after I arrived in Asuncion in order to conduct research for this thesis. The article told about a group of landless people, seen in the picture below, in the region of San Pedro that had set up to protect a piece of land they occupied being part of a real estate in the area, as a response to an incident where the guards of the estate had shot at them and set fire on their belongings. The personnel of the estate denied the incident.

²⁷¹ World Bank 1995: i; <https://www.cia.gov/library/publications/the-world-factbook/geos/pa.html#Econ>. Read 28.04.09.

²⁷² DGEEC-Encuesta Permanente de Hogares, 2002, 2003, 2004, 2005 y 2007.

²⁷³ Informativo Campesino No. 208, 2006: 6.

²⁷⁴ Informativo Campesino No 186, 2004: 2; Informativo Campesino No. 191, 2004: 2; NotiSur – South American Political and Economical Affairs. 10.01.2004; Notisur - South American Political and Economical Affairs 06.02.2004; Informativo Campesino No. 208, 2006: 6; ABC Color 17.08.2008.

En pie de guerra en San Pedro



Image 4.4 "On the warpath in San Pedro".

5 CHAPTER 5: PARAGUAYAN REGIME BUILDING AND CONSOLIDATION IN THE LONG TERM HISTORICAL DEVELOPMENT; THE INSTITUTIONAL APPROACH

5.1 Introduction

In the words of Douglass C. North, institutions “...evolve incrementally, connecting the past with the present and the future.”²⁷⁵ This chapter aims at making the underlying structures and mechanisms in the Paraguayan regime building and consolidation analysed in the two previous chapters more visible by discussing the development in a meta-perspective. In particular, the chapter aims at making clearer the dynamics and complexity within these structures and mechanisms. Furthermore, the chapter seeks to identify how the agrarian legislation worked as an expression and as well as serving a function within these processes, as suggested by the two secondary research questions of the thesis. In doing so, the chapter will address and further explore the three institutional perspectives given in the introduction of this thesis. These are; i) the interaction between the various rules of conduct comprising the institutional frameworks of respectively the Stroessner regime and the emerging democracy, and in particular in relation to the agrarian legislation as a component of the larger institutional whole, ii) the relation between the institutions and existing interest groups in the two regime-epochs, and iii) the historical development and change within the institutional frameworks. North’s theories on institutions and institutional change will compose the frame of reference for the analysis in this chapter.

Furthermore, in a broader regional and historical context, regime building and consolidation in Paraguay can be understood as part of the political development in the Latin American region since independence from the European colonial powers in the late 18th and early 19th centuries. Despite the region’s variations in national historical contexts, academics have identified some common features in the underlying institutional frameworks. These features,

²⁷⁵ North 1991: 97.

such as patronism, clientilism, organised use of repression and co-optation through the Armed Forces, the use and manipulation of nominally democratic institutions, have been understood as key components in explaining three major historical traits in the political development in Latin America. The first generalisation is emphasising how the authoritarian tradition has dominated Latin American region since independence. The second finding highlights how the transition from these authoritarian regimes towards becoming democracies can be interpreted as components in what political scientist Samuel Huntington has referred to as the third wave²⁷⁶ of democratisation. The third characteristic that has been accentuated is the political instability characterising the new and emerging democracies that followed this wave.²⁷⁷

The chapter is divided chronologically in two sections, examining the Stroessner period and thereafter the democratisation process. Within these sections the chapter also provides a discussion of the agrarian legislation in the respective periods. The regional context is referred to throughout the chapter.

5.2 The Stroessner Regime; institutionalised authoritarianism²⁷⁸

As acknowledged in the second chapter, Stroessner built and consolidated his regime fundamentally by institutionalising his power within a system of clientilistic and nominally democratic structures. Scholars alike have ascribed the success of his regime on how he operated and managed the various components within the dynamics of this framework.²⁷⁹ Furthermore, research suggests that institutionalised authoritarian regimes survive longer than regimes where the power only is vested in a personal leader.²⁸⁰

²⁷⁶ The third wave of democratisation refers to a period characterised by a series of transitions from authoritarian regimes towards democracies in Europe, Latin America, Asia, and Africa, starting with the *Revolution of Carnations* in Portugal in 1974 and ending in 1990.

²⁷⁷ Collin 1979: 33; Fowler 1996: ix-xiii; Huntington 1991: 3-5; Philip 2003: 1-2; Ghandi 2008: xix, 1-3.

²⁷⁸ Institutionalised authoritarianism refers to an authoritarian regime where power is institutionally anchored and delegated to central organisations. Such types of authoritarian regimes stands in contrast to regimes where the power is centred upon an undisputed leader. Dominguez 2002: 4.

²⁷⁹ Miranda 1990: 1, 95; Fowler 1996: 99, 104-105.

²⁸⁰ Dominguez 2002: 4.

The Stroessner regime's pillars of power correspond with what according to North's terminology are denominated as informal and formal institutions.²⁸¹ North defines institutions as humanly developed constraints shaping interpersonal relations. In line with this, individual actors or groups are perceived as primary agents of institutional change and development. Institutional changes are the results of these individuals or groups believing that they could benefit from altering the existing institutional constraints by some margin in the pursuit of their various objectives.²⁸² Under the Stroessner regime, Stroessner himself served as the catalyst of unity to the base of political power through the alliance with the Colorado Party and the Armed Forces, Hence, Stroessner was holding strong bargaining powers and undertook the role as a primary agent in the shaping and altering of institutions.

Stroessner cemented the fundamentals of his regime on already existing political structures in Paraguay. Succinctly summarised, such relations are characterised by the formations of different kinds of interpersonal exchange centering upon class, status, or family. These ties foster both vertical and horizontal networks of dependency, and across different socioeconomic levels as well as across the same social stratum. Politics within this system is understood as the search for potential personal economic or political gains.²⁸³ As discussed above, such structures can be defined as informal institutions. In the theoretical perspective offered by North, these may be understood as unwritten cooperative behaviour in an effort of diminishing the cost of human interaction by providing increased information of the consequences of the possible outcome. In a historical perspective such agreements have been understood as the first step towards more complex human political, economic, or social interaction. Informal institutions are components of culture, and are transmitted through generations via teaching and imitation of knowledge, values, or other factors influencing behavior. What is essential is that informal institutions are important sources of continuity in historical change.²⁸⁴

The trajectory of institutional change is shaped by *lock-in* that comes from the relationship between institutions and organisations and by a feedback process by which people perceive

²⁸¹ North 1990: 4,

²⁸² North 1990: 4-5, 7-8, 73.

²⁸³ Miranda 1990: 13-14.

²⁸⁴ North 1991: 36-37.

and react to changes. What produces lock-in is the dependence of the organisations in the institutional framework they once have emerged in response to.²⁸⁵ Where institutions are locked-in, one may apply what is referred to as path dependency theory in order to explain why changes do not occur. The path dependency theory views institutions as self reinforcing. When the initial conditions causes a lock-in, a path gets established which becomes difficult or impossible to deviate from.²⁸⁶

In the Latin American region in general the clientilistic political structure was a heritage from the colonial time, originating from the relationship between *el patron* and his workers on the haciendas as well as from the Catholic Church.²⁸⁷ The development of a political culture in Latin America centered upon these types of interpersonal ties has been understood by scholars as a key component in explaining the absence of strong and formal institutions able to mitigate chaos and instability. Rather, the Latin American people have consequently gathered around strongmen for protection and development on local and regional political levels. Scholars argue that this tradition contributed to paving the way for authoritarianism in Latin America.²⁸⁸

Stroessner emerged as such a strongman in the 1950s, after half a century characterised by political chaos and unstable governments in Paraguay.²⁸⁹ Coming to power within an informal institutional framework it might be perceived as congenital that Stroessner chose to build and consolidate his regime along these structures. Miranda argues that this political culture served well to strengthen the political power of Stroessner.²⁹⁰ In perspective of North's institutionalism, there was no need for Stroessner to alter this informal institution in the search of reaching his major objectives. On the contrary, control through political stability and legitimacy could be achieved within the existing institutional structure.²⁹¹ Stroessner reaped the benefits of the institutional set up by effectively reinforcing and expanding the clientilistic

²⁸⁵ North 1990: 8-9.

²⁸⁶ North 1990: 93-94, 112.

²⁸⁷ Kaufman 1974: 285-286; Miranda 1990: 13-16; Fowler 1996: xiii, 104-105, 119-121.

²⁸⁸ Collin 1979: 33; Miranda 1990: 2; Fowler 1996: xii-xiii.

²⁸⁹ Fowler 1996: 94-95.

²⁹⁰ Miranda 1990: 17-18

²⁹¹ North 1990: 7-8, 73.

structures in Paraguay to all sides and levels of society. In result, nearly every group of the society was made dependent on the regime's existence.²⁹²

Furthermore, as highlighted above, Stroessner also based his regime on nominally democratic institutions such as popular elections every fifth year, a multi-party system, and the rule of law. Due to the nature of authoritarian regimes, the existence of formal institutions is not a prerequisite for their establishment or survival, though such institutions often have led to more stable and longer lasting regimes.²⁹³ The existence and functioning of formal 'democratic' institutions in authoritarian regimes have among scholars traditionally been depreciated as spurious. With autocratic rules, such institutions only have an auxiliary purpose in an effort of gaining international legitimacy and support.

In her article *Political Institutions under Dictatorship*, the political scientist Jennifer Gandhi challenges this view. According to Gandhi, there are more complex reasons for why some authoritarian rulers choose to apply nominally democratic institutions into their rule whilst others do not. In her explanation, Gandhi accentuates the immense variation in authoritarian institutions. She emphasises the fact that in democracies the ruler that holds power knows that he/she is chosen by the people he/she is set to govern. In an authoritarian regime, however, the ruler does not have this kind of information and the regime's existence is based on building alliances and exerting various mechanisms of control. Therefore, Gandhi argues, authoritarian leaders apply those institutions that can help them prevent attempts that may undermine their legitimacy and usurp power, including formal and nominally democratic institutions.²⁹⁴ The institutionalisation of power within in the Stroessner regime can be understood as such an effort.

Applying North's theories, the existence of institutions in an authoritarian regime will reduce the cost of interaction with political supporters, the opposition, and other members of society, compared to the absence of such institutions. In fact, according to North one can argue that

²⁹² Miranda 1990: 17-18; Fowler 1996: 99, 104-105.

²⁹³ Dominguez 2002: 9.

²⁹⁴ Gandhi 2008: xv, xvi.

the implementing of institutions, formal or informal, is particularly important in authoritarian regimes, as the holding of power in these regime types represents situations of human interaction where information is incomplete and where the outcome is highly uncertain. From facing such complex situations emerges the need to develop regularised patterns of interaction. The implementations of rules and procedures through institutions simplify this process. As institutional frameworks structure human interaction, they therefore limit the set of choices available to the actors.²⁹⁵

North argues that the coexistence of formal and informal institutions increase the effectiveness of human interaction as they complement each other in lowering the information threshold and thus in reducing the cost of human exchange.²⁹⁶ As emphasised earlier in the thesis, scholars have argued that the success of Stroessner specifically can be explained on a basic level on how he actively attended and managed to mitigate between the different components within the regime's institutional framework, balancing between the use of formal and informal constraints of behavior. The best example of this is the use of the Colorado Party, vested in a 'democratic' party structure, to control and organise society. Built up by a clientilistic structure it tied all levels of society to the regime due to its omnipresent character.²⁹⁷ Through the use of the Colorado Party Stroessner created a system of control with few limitations. According to North, institutional stability is partly explained precisely by the hierarchical organisation within this framework where each level in the hierarchy is more costly to change than the other²⁹⁸ The stability of such an institutional framework can thus be understood as a key explanation to the longevity of the Stroessner regime.

²⁹⁵ North 1990: 22-24.

²⁹⁶ North 1990: 46-47.

²⁹⁷ As described in the second chapter.

²⁹⁸ North 1990: 83.

5.2.1 The Agrarian Legislation

As illustrated in chapter three the agrarian legislation implemented under Stroessner can be understood as an expression of the institutionalisation of power within the dictatorship. First of all, Stroessner gained control over vital national resources, legitimised through the rule of law. Second, he gained control over the rural interest groups, the rural elite as well as the large group of campesinos and rural landless. Third, the legislation provided as a legal basis for the distribution of agrarian benefits to the regime's supporters. It also contributed to making the process of distribution more effective and organised. Thus, by institutionalising through law the organising and control over agrarian resources and rural interest groups, as understood from North's theory, Stroessner lowered the cost of interacting with the rural groups in the country. The extensive character of the agrarian regulation can be seen as a result of the above mentioned bargaining powers held by Stroessner in the decision making in this period.

Moreover, as discussed in chapter three, the analysis shows that the enforcing of the agrarian legislation was executed along clientistic structures. First, the distribution of land indicated that land was being distributed to non-beneficiaries of the Agrarian Statute through various irregular means. Second, the creation of new agrarian colonies on the eastern boarder were organised in such a manner as to put the pioneers in a dependency relation to the government. Thus, the agrarian legislation and the enforcing of this can be perceived as an expression of the interaction between formal and informal institution in the Stroessner regime, in which North argues might have a reinforcing effect on their function.

5.3 The Democratisation Process: Institutional Change?

The overthrow of Stroessner in 1989 and the subsequent introduction of democratisation caused comprehensive changes in the Paraguayan society. In a regional historical context this political upheaval can be perceived as a continuation of the series of transformations of authoritarian regimes towards emerging democracies in countries such as Ecuador, Peru, Bolivia, Argentina, Uruguay, Brazil, Honduras, and Guatemala.²⁹⁹

From an institutional perspective, these regime-transitions can be understood to be what North defines as disruptive changes in the countries' formal institutional framework.³⁰⁰ According to North, what accounts for such disruptive changes, as briefly touched upon earlier in this chapter, can be found in the relationship between institutions and individuals or groups of actors. Formal institutions change according to what these actors perceive to improve their chances of reaching their particular objectives. Those with the strongest bargaining power among these actors decide how the new rules of the game are to be devised.³⁰¹

This can be explained better by comparing the situation in the two regimes. The Stroessner regime persisted for such a long period of time because of Stroessner's bargaining strength in relation to his political allies, and because for a long time these allies held a united front in the pursuit of their common goals. Moreover, it was a result of the ability to suppress or co-opt those actors within the regime who did not share these goals. In the last decade of the regime, however, Stroessner's power to mitigate between his political allies diminished because of the emerging fractions within the regime.³⁰² In contrast, the number of actors competing to enhance their objectives had multiplied under democratisation. Those with the strongest bargaining power in this new reality thus had the opportunity to change the rules if they wanted to do so. According to political scientist Adam Przeworski et al. previously authoritarian supporters comply with democratic changes because they believe that they can

²⁹⁹ These were the countries in Latin America that Huntington defined as part of the 'third wave' of democratisation. Huntington 1991: 22-23.

³⁰⁰ North 1990: 6.

³⁰¹ North 1990: 16, 61, 68.

³⁰² For details, see chapter two and three.

continue to advance their interests through such institutions. A key factor is that a democratic institutional framework, in contrast to the often highly complex and volatile structures of authoritarian regimes, provides these actors with increased information about the future.³⁰³

The new or emerging Latin American democracies in the 1980s and 1990s were characterised by high levels of political instability and crisis, as was Paraguay. Scholars have emphasised that in order to provide stability to a democracy it needs to be consolidated. In short, as defined in the introduction chapter, this means that the democratic rules do not only exist but are also accepted and valued.³⁰⁴ Political scientist George Philip argues that while the democracies in Latin America held free and fair elections, a more fundamental institutionalisation of the rules presumed necessary for democratic consolidation did not take place. Though a highly complex matter, Philip has argued the survival of pre-democratic patterns of political behaviour as a key factor in this development.³⁰⁵ Characteristically, the bureaucracies remained organised along clientilistic structures, law enforcement were weak, and public opinion often supported law-breaking by their political leaders.³⁰⁶ Thus, not following the democratic rules became an accepted political strategy.³⁰⁷

As emphasised in chapter four, despite the introduction of new democratic rules, the political actors did not follow these to a full extent. Democratisation was marked by the persistence of old authoritarian traits of political behavior inherited from the Stroessner regime. This was particularly well demonstrated in the new decision making structure that emerged. While new rules for the law making process were enforced through the 1992 Constitution, the political bargaining within Congress was done through interpersonal agreements and corruption. Mario et al. in their country analysis for the World Bank argue that these pre-democratic behaviour patterns were widespread in the emerging Paraguayan democracy throughout the 1990s and continuing into the new millennium. Furthermore, they emphasise that Paraguay was

³⁰³ Przeworski 1991: xi, 19; Philip 2003: 2.

³⁰⁴ Linz and Stepan 1996: 5-6; Payne 2002: 25, 42; Philip 2003: 12-13.

³⁰⁵ Sonntag 2001: 137; Philip 2003: 1-2, 12; Epstein 2006: 551.

³⁰⁶ Philip 2003: 2.

³⁰⁷ Philip 2003: 7, 12-17.

exceptional even to Latin American standards, in its extreme informality in state decisions and lack of democratic institutionalisation.³⁰⁸

Przeworski argues that in a transition period from an authoritarian regime towards democratisation, basic institutional issues are unlikely to be resolved. This is because the pro-democratic forces seeking to establish the new regime are prone to adopt an institutional framework that is perceived as only a temporarily expedient. Thus, this context leaves room for the continuing persistence of pre-democratic institutional traits.³⁰⁹ As discussed in chapter four this was the case in the regime change in Paraguay in 1989 where the transition towards democracy emerged from within the old political structures of the Stroessner regime. It was not until the establishing of the new national Constitution in 1992 that any significant changes were made to alter the formal institutions in a democratic direction.

As explained by North an institutional framework is a highly complex structure consisting of a set of rules of conduct organised in a hierarchical manner. If abrupt changes occur in the formal rules, even at the top of the institutional hierarchy, the informal constraints, slow in change, will typically continue to provide stability to the overall framework. According to North, this is what makes the development of more complex forms of political, economic, and social human interaction over time and space possible.³¹⁰ Moreover, as changes always are affected by their antecedents and not only the result of a bargaining between different actors, this sometimes leads to path dependence.³¹¹ From an organisational perspective, pre-democratic constraints continued to conduct a vital part of politics in the Latin American region because the political actors with the most bargaining strength perceive them as still viable in the pursuit of their objectives. Moreover, the fact that clientilistic structures, an inheritance from the colonial era, are a dominant factor in Latin American democracies almost two centuries later show that history does matter.

³⁰⁸ Marió, Silva-Leander and Carter 2004: 29-34.

³⁰⁹ Przeworski 1991: xi, 19.

³¹⁰ North 1990: 83.

³¹¹ Hira and Hira 2000: 268, 271.

5.3.1 The Question of the Agrarian Legislation

As examined in chapter four, the question of agrarian legislation under democratisation in Paraguay can be understood as an expression of the complexity and dynamics between the various components within the emerging regime's institutional framework. Moreover, the institutional perspective may at the same time make more visible the reasons to why the agrarian legislation in this period was not in sync with the rest of the legal institutional framework, more specifically the agrarian articles in the 1992 Constitution, as well as the wider formal institutional framework.

The struggle between the rural elite and the campesinos and rural landless in the period of democratisation can be understood as a continuous battle between these groups of actors, seeking to alter the institutions of agrarian legislation in accordance with the groups preferences. During the course of this contention, an increase in the bargaining power held by the campesino organisations relatively to the rural elite became increasingly visible.

Moreover, the law making process of the new agrarian legislation is an expression of the mutual relation found between institutions and organisations as well as the interaction between different institutions. As mentioned earlier in this chapter, North perceive organisations to develop from and evolve according to the opportunities offered by institutions. Organisations are in return major agents of institutional change in the pursuit of reaching their objectives. As the new Constitution changed the rules of the game, the campesino organisations gained bargaining strength in the decision making arena as oppose to having practically none during the previous regime. However, at same time the Constitution opened up for the existence of multiple political actors, thus reducing and dividing the bargaining power amongst each group of actors. Moreover, what made institutional change difficult was the interaction between the new formal democratic rules of the decision making process and the persisting informal constraints inherited from the Stroessner regime, as this fostered an inhospitable environment for the building of strong and sustainable alliances among various actors. Thus, also within the question of the agrarian legislation the interaction between old pre-democratic and new democratic institutions was visible. However, the example of the agrarian legislation demonstrates an important difference. The agrarian

legislation can be defined as a formal institution, and should – in theory – thus have been changed with the rest of the formal institutions in the process of democratisation. As mentioned in the fourth chapter, a new agrarian statute was not implemented for over thirteen years after the downfall of the Stroessner regime. Explained by the theory of North, this can be understood as a result of the bargaining between the various actors –those with the bargaining power being resistant to change, or no one having sufficient power to in relation to one another to be able to generate change. In the case of the agrarian legislation this might thus have led to path dependency.

In sum, this chapter has discussed the analysis of the regime building and consolidation in Paraguay from the two previous chapters on a meta-level. The chapter has in such made more comprehensible the underlying structures within this development –in the attempt of the construction of a historical synthesis in this thesis. Moreover, as the chapter has demonstrated the distinctiveness of the development in Paraguay, it has also argued that the regime building and consolidation in the country between 1954 and 2008 can be understood as part of the development in the broader context of a Latin American political history.

6 CHAPTER 6: SUMMARY AND SOME CONCLUDING REMARKS FOR THE ROAD AHEAD

This master thesis has examined the regime building and consolidation processes in Paraguay between 1954 and 2008. This was a period characterised by two regime epochs –the Stroessner regime between 1954 and 1989 and the subsequent period of democratisation up till present day. The analysis has embraced both historical continuity and change in Paraguay by examining two ostensibly distinctly different political regimes; dictatorship and democracy.

Analysing the regime building and consolidation in the given period, the thesis applied an institutional approach. Three perspectives were emphasised in this regard. The first perspective focused on explaining the development and changes of the institutional elements within the larger whole of the regimes. The second concerned the relations between the regimes and the political and social actors in the Paraguayan society. Finally, the third perspective sought to make the historical development and changes within the regime's institutional frameworks visible. The aim of this perspective was to comprehend the underlying mechanisms and structures in the development of the regime building and consolidation, focusing in particular on the importance of demonstrating the dynamics and complexity within the institutional frameworks. Within this approach the theory of institutions and institutional change offered by Douglass C. North will be applied as an analytical tool. On the background of this approach, the thesis has been understood as aiming at the construction of a historical synthesis.

Within the institutional approach, regime building and consolidation in the period was analysed in light of agrarian legislation. This was done because of the fact that Paraguay has remained a predominantly rural society. Agriculture constituted the main component in the national economy as well as the basic source of survival to the majority of the population.

Throughout the period agriculture defined the pattern of settlement and social structure due to the perseverance of limited economic diversification and a low rate of urbanisation. Specifically, the thesis sought out to examine how the agrarian legislation could be understood as an expression of the political regimes in their search for legitimacy and political stability through having a vital function within these processes. This was operationalised through two secondary research questions and analysed in chapters three and four.

The third chapter examined the regime building and consolidation of the Stroessner regime between 1954 and 1989. The chapter analysed the agrarian legislation implemented under Stroessner as a political instrument in the search of legitimacy and political stability and as a functional mechanism of control. The analysis was conducted by following the development of the agrarian legislation implemented under Stroessner. First, the chapter identified rural obstacles in the beginning of the Stroessner regime posing a threat to the further existence of the regime. The rural problems manifested themselves on a national level through stagnation in the agricultural sector and as potential national uprising in the Paraguayan countryside. Second, the chapter discussed the law making process, emphasising the lack of participation by central rural interest groups in the decision making through the use of repression and co-opting of these actors. Third, the chapter analysed the agrarian legislation implemented in 1963 as a political instrument generating legitimacy and political support by balancing between elite interests and mass acceptance. Gaining support from the elite, the legislation organised and streamlined the distribution of agrarian resources to these political groups – especially the rural landowning elite and the Armed Forces. The regime sought mass acceptance in the large rural campesino population by promises of rural welfare and prosperity in the legislation. The examination of the legal documents suggested a wide use of rhetoric to have been used in this respect. The analysis of newspaper articles from the Stroessner period supported this notion. The chapter argued that elite preferences were preferred attained in practice through the execution of the laws. The chapter illustrated that the agrarian legislation both in design and in practice could be understood as an expression of the institutional framework within the Stroessner regime, characterised by the wide use of institutionalised control mechanisms and informal clientilistic structures. Finally, the chapter identified the agrarian legislation and the growing dissent with the regulations in this as a component in the downfall of the Stroessner regime.

The fourth chapter examined the democratisation process and consolidation of democracy between 1989 and 2008. The chapter asked how the question of the implementation of a new and more democratic agrarian legislation, replacing the one implemented in the previous regime, could be understood as an expression of the mechanisms at work in the democratisation. This was a demand set forth by the emerging campesino organisations in the period as a result of the introduction of political rights and the opening of civil society. However, it would take thirteen years before a complete agrarian legislation was implemented. The chapter examined the development in the legislation by first analysing the demands set forth by the campesino organisations in the initial phase of democratisation. In this period the rural elite, still with strong connections to the new Paraguayan government, managed to hinder the implementation of a new agrarian statute. In 1992, however, a new Constitution was implemented. The Constitution altered the institutional framework of the emerging regime, and opened up for participation in the decision making arena by the campesino organisations. However, old clientilistic traditions continued to characterised the law making in the country, despite the introduction of new democratic rules. The chapter argued this to be the main reason to the lack of a new agrarian legislation, as the emerging structure of the decision making process hindered the building of alliances in the Congress. Finally, in 2002 and 2004 a new agrarian legislation was completed. The chapter analysed the new legal documents as an expression of emerging democratic ideals. The chapter illustrated how the development in the implementation of a new agrarian legislation could be understood as an expression of the mechanisms at work in the new political structure, in particular in the interaction between old pre-democratic clientilistic traditions and new democratic institutions.

In the fifth chapter the analysis in the chapter three and four was discussed in a meta-perspective. The chapter focused on the three political perspectives given for the thesis and examined the mechanisms and structures in the regime's institutional framework according to the theory of North. The chapter also placed the regime building and consolidation in a broader Latin American historical perspective.

6.1.1 The Road Ahead

Expectations for change were high in August 2008 as the newly elected president, the candidate of the centre-left coalition Fernando Lugo, stepped into office, ending the Colorado Party's 61 year grip on power in the country. Similar as his predecessors, agrarian reform had been a primary focus in Lugo's election campaign, and known as a long time defender for rural welfare and peasants rights in his work through the catholic church hopes for change seemed to be higher than ever before.³¹² A priority of the Lugo Government, through a process of negotiation with the various campesino organisations and other rural interest groups, Lugo set the stage for further advancing a democratic participation in the country. A proposal for a new agrarian legislation is currently under approval in Congress.³¹³

³¹²http://www.nytimes.com/2008/04/21/world/americas/21paraguay.html?_r=1&scp=2&sq=Lugo+Paraguay&st=cse. Read 15.05.09.

³¹³<http://www.abc.com.py/2009-03-24/articulos/506703/dicen-que-reforma-agraria-es-prioridad-del-gobierno>. Read 15.05.09; <http://www.abc.com.py/2008-05-26/articulos/418440/lugo-busca-reforma-agraria-sin-violencia>. Read 15.05.09.

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