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Background Paper on Uruguay

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ABSTRACT

This report describes and analyzes the transformation of Uruguayan governance institutions with particular regard to corruption and particularism. Uruguay substantively improved its levels of universalism in the last fifteen years. This improvement is due to a prolonged process of transformation in Uruguayan politics from competitive particularism to an open access regime. We claim that the change in the way that parties compete for votes - from clientelistic to programmatic strategy - since 1985 is the cause of this transformation. An economic and fiscal crisis during the sixties weakened the clientelistic strategy of the traditional parties and enabled the entrance of a new party that built their electoral support based on programmatic claims instead of the distribution of clientelism. In that context clientelism became neither fiscally sustainable nor electorally effective. The traditional parties -after an authoritarian period- had to adapt to programmatic competition and leave aside clientelism. Institutional transformations regarding corruption are in this context the effects rather than causes of universalism. Nevertheless, these new institutions are not irrelevant because they are functional to the new political equilibrium and help to maintain it. This document uses data from a variety of sources - ranging from official figures to public opinion and elite surveys or media reports - to provide descriptive evidence of the main features of this governance regime transformation, and proposes an analytic framework to explain it.

KEYWORDS

Corruption, clientelism, universalism, politics, Uruguay

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ACRONYMS

BPS	Banco de Prevision Social (Uruguayan Social Security Institute)
CCT	Conditional Cash Transfer
DGI	Dirección General Impositiva (Uruguayan Tax Collection Office)
FA	Frente Amplio (Broad Front – union of left-wing political parties)
ICD	Instituto de Comunicación y Desarrollo (Institute of Communication and Development)
JUTEP	Junta de Transparencia y Ética Pública
PIT-CNT	Plenario Intersindical de Trabajadores – Convención Nacional de Trabajadores (Uruguayan workers union)
PC	Partido Colorado (Coloured Party)
PN	Partido National (National Party)
TI	Transparency International
UN	United Nations
WB	World Bank

TABLES

Table 1. Payment of a Bribe 5

Table 2. Evolution of Norms Regarding Corruption.....15

FIGURES

Figure 1. Score and Position of Uruguay According to Transparency International and World Bank..... 4

Figure 2. Government employment, pensions and GDP growth 9

Figure 3. Gross Tax Collection and GDP Evolution 1998 – 2012 (1998 =100).....13

Figure 4. Number of Criminal Proceedings by the Judicial Authority, Number of Publications in the Press, and Time Dedicated to Corruption on Open Access News (1993-2008)*16

Figure 5. Number of Articles in the Press about “Corruption in Uruguay” From 1993 to 200917

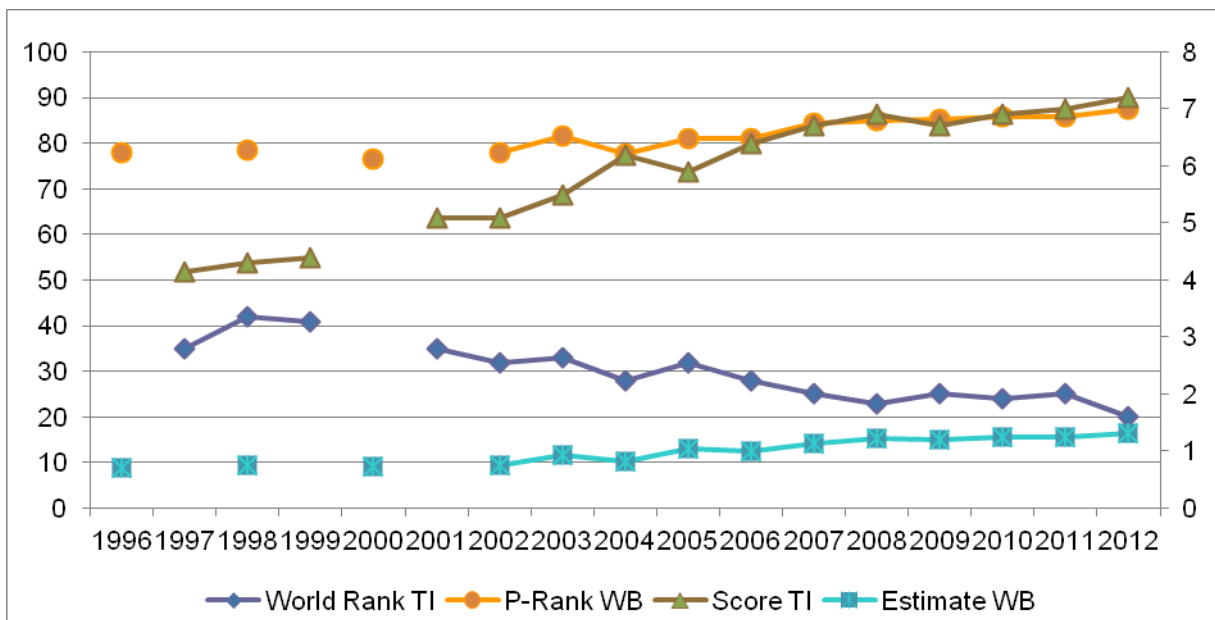
Figure 6. Comparison of Broadcast Time Dedicated to Corruption and Perceptions, 2004-2009.....18

Figure 7. Perception of the Level of Corruption in Different Environments (annual data)19

I. Introduction

Uruguay's international image in terms of corruption is generally positive. Even though clientelism, as a discretionary practice to distribute goods, public employment and preferential treatment in exchange for electoral support, was a common political practice for an extended period of time, the phenomenon of corruption, as "...the misuse of public office for private gain" (Rose-Ackerman 2008:551), never became similarly pervasive. More recently, the introduction of comparative instruments of measurement has not only confirmed this intuitive image, but has also showed that Uruguay is well located and progressing in the international context. Figure 1 illustrates both the score that Uruguay has obtained and the country's position in the international rankings that Transparency International (TI) and the World Bank (WB) have published on a regular basis since the mid-nineties.

Figure 1. Score and Position of Uruguay According to Transparency International and World Bank



Source: Figure generated using Transparency International's "Corruption Perceptions Index." http://www.transparency.org/policy_research/surveys_indices/cpi and the World Bank "Control of corruption indicator" <http://info.worldbank.org/governance/wgi/index.aspx#home> Transparency International's scores vary from 1 to 10, with 10 indicating maximum levels of transparency and the World Bank indicators ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance

Uruguay has advanced in both TI and WB rankings, and now finds itself in a position of relative privilege. Further, the figure indicates a significant and persistent increase in the scores the country has received over the past decade or more. In Latin America, Uruguay is a leader, achieving the highest scores in recent years along with Chile, with a corruption profile that is clearly different from other countries in the region. Furthermore, diverse comparative political studies of public opinion, such as those published by Latinobarometer and Latin American Public Opinion Project also place Uruguay in a position of regional

leadership. Finally, recent comparative academic work on corruption also place Uruguay, along with Costa Rica, among developed countries where “corruption revolves around the use of wealth to seek influence within strong political and administrative institutions” (Johnston 2005:60).

Few studies about corruption that have been carried out in Uruguay, while not discouraging a critical view of the phenomenon’s presence, do corroborate the suggestion that overall levels of corruption are low. For example, a report produced by the Instituto de Ciencia Política in 2002 concludes that, “although it is evident that corrupt practices exist in Uruguay, this analysis (...) suggests that these practices are not generalized and are produced in different ways in limited arenas” (93). Additionally, recent work by the Instituto de Comunicación y Desarrollo (ICD, 2009) shows, based on surveys of the mass public, business people, and public employees, that corruption in Uruguay is perceived as being much lower than in neighboring countries. 93% of those interviewed believe that in Uruguay there is less or much less corruption than in neighboring countries, and 7% believe that there is the same amount of corruption; none of the individuals interviewed answered that there was more or much more corruption in Uruguay (Buquet 2009:117).

The report published by the Insituto de Comunicación y Desarrollo also shows the evolution of corruption over time, as comparable studies were carried out for the Instituto de Ciencia Política 2002 report. In the report, it is possible to follow the evolution of one of the most robust indicators of corruption over time: the victimization of business owners by bribery. This indicator is particularly strong because it does not involve perceptions, which can be distorted by the media or social interactions; instead, it captures the actual experience of those interviewed who, at the same time, have limited incentives to answer untruthfully. In Table 1, the results from the 2002 and 2009 surveys are presented; in no case has the percentage of those interviewed who reported having paid a bribe increased. In fact the percentage of respondents who reported never having been asked to pay a bribe increased substantially across the board.

Table 1. Payment of a Bribe

	2002		2009	
	Sometime*	Never	Sometime*	Never
Judicial Authorities	5%	92%	4%	93%
National Government	9%	88%	7%	91%
Departmental Government	14%	84%	13%	85%
Autonomous Entities	21%	76%	14%	84%
Legislators/ Politicians	10%	86%	5%	93%

Question: How frequently have you been asked or have you seen people obliged to pay bribes in...?

*Note: Summed responses for “frequently,” “occasionally,” and “rarely”.

But considering corruption in a broader sense, Uruguay shows a long history of political particularism. The way in which most of the citizenry related with the state had a significant discretionary component until the 1960s. The intermediation of political brokers was the norm in order to obtain state services, and patronage defined the logic of recruitment into work in the public sector. Although there is no way of knowing whether corruption was common, particularism in Uruguayan politics marked the regime as not adhering to universal criteria in the application of public policy. Nevertheless, significant changes in institutions and political competition –occurring between the sixties and the nineties- made clientelism increasingly ineffective or directly non-viable in such a way that transformed the country into an open access regime.

This paper intends to describe and explain that process departing from the socio-economic challenges the system faced between the fifties and sixties and the political responses to these challenges.

II. The Uruguayan Path from Particularism to Universalism

Uruguay has the longest democratic history of any Latin American country. In the twentieth century, Uruguay suffered only two institutional breakdowns. The first, in 1933, was a civil coup that sought rapid re-institutionalization through constitutional and legal reforms. However, the lack of legitimacy of the two elected governments (1934 and 1938) under these norms implied that effective democracy was only achieved in 1942, with a new constitutional reform. The second rupture, between 1973 and 1984, led to a military dictatorship similar to others (of the ‘bureaucratic-authoritarian’ type) that devastated the continent at that time (O’Donnell 1973). The period of military dictatorship was the only time in the twentieth century when the government was not elected and when the traditional political parties were excluded from power. This fact underlines the country’s remarkable political development within the regional context. Uruguay and Colombia share the striking characteristic of having been governed by only two different political parties before 2004: the Colorado (or Red) Party (PC) and the National or Blanco (White) Party (PN). In the long run, the Uruguayan political system has demonstrated a level of stability and continuity that makes it stand out in the regional panorama.

Along with its early democratization, Uruguay developed a welfare state that implied a joint process of building political and social citizenry (Castellano 1996). During the first decades of the twentieth century, under the leadership of José Batlle y Ordóñez, various political (universal and secret suffrage, free and fair elections), social (separation of church and state, eight-hour working day) and economic reforms were implemented. In the absence of strong contending actors the state acquired a central role in the economy and in the provision of all

kind of public services. By these means the country forged a wealthy, integrated and modern society with a growing middle class during the first half of the twentieth century (Figueira and Figueira 1994). Following the Great Depression, the prosperity based on the great performance of agricultural and cattle exports was associated with an “import substitution development model,” which was intended to promote industrial development but fell into crisis at the beginning of the 1950s, as a consequence of a significant drop in commodity prices. As a result, a long period of economic stagnation and social turmoil followed (Thorp 1986; Azar et al. 2009).

The solid bipartisan political system that Uruguay has had for more than a century began to undergo changes during the 1960s. In a context of strong social and political conflict, minor leftist parties joined with other groups and dissident leaders from traditional parties to form the Frente Amplio (Broad Front) (FA). Following the 1971 election, the traditional parties began to systematically lose votes to the leftist opposition, which went on to win the 2004 general election with a majority of the votes.

At the beginning of that process, however, the economic, social and political crisis led to a coup in 1973 and a 12-year military authoritarian regime that ended in 1985. When the constitution was restored, a double transition process took off. On the one hand, the re-democratization was rapid and restored the rule of law – with the exception of the prosecution of human right violations during the dictatorship – and the previous political and party system with all its complexities. On the other hand, successive governments of the traditional parties gradually implemented a process of economic and state reform. But while the democratic transition was rapidly concluded, various privatization and state reform attempts were blocked by a coalition between the leftist opposition and social organizations – mainly labor unions, frequently resorting to mechanisms of direct democracy. In that context, the traditional parties were increasingly grouped together at the center right of the ideological spectrum, since they jointly advocated and conducted pro-market reforms (such as demonopolizing the assurance market, privatizing the state-owned airline, contracting private companies for port services and creating a mixed, state–private, social security system), and the FA increasingly assumed the role of a defender of the state-owned enterprises, along with the rights of the workers and the poor. Even though during most of the 1990s, economic growth rates were around 5%, and inflation and unemployment rates were contained at about 10% each, the process ended in a deep recession and a financial crisis in 2002.

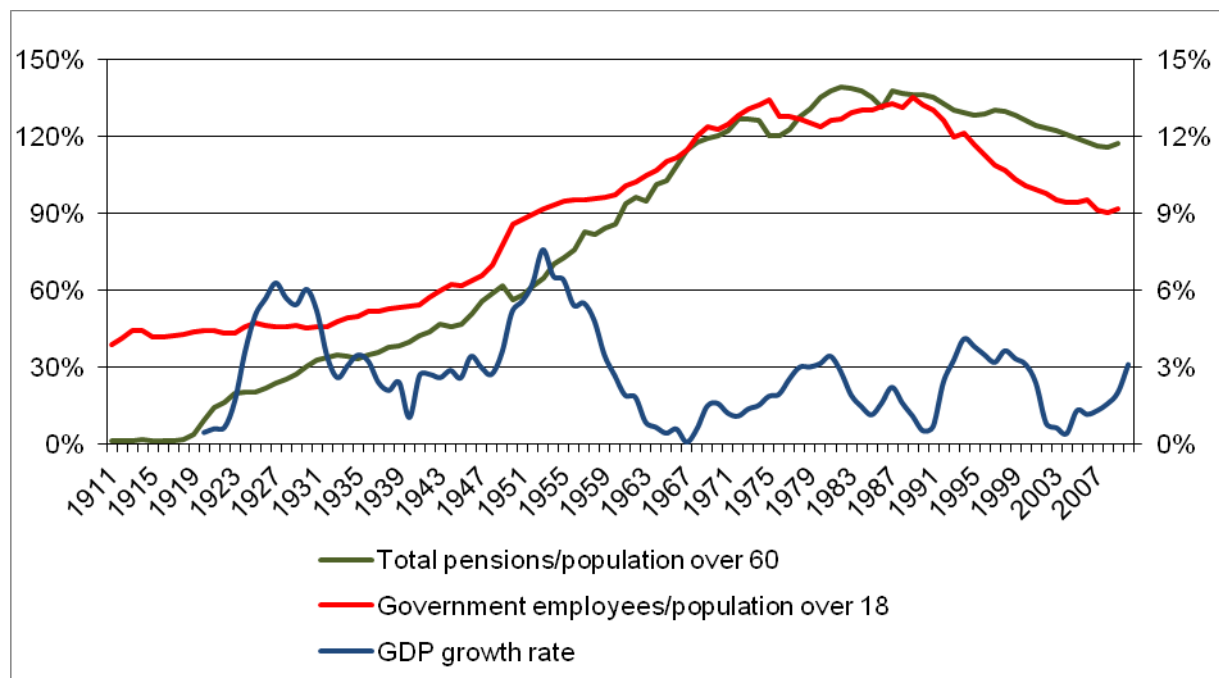
Shifts in the party system strengthened since 1971, as the FA moved toward more moderate ideological positions and adopted state-oriented proposals that were being abandoned by the traditional parties. Finally, the electoral reform of 1996, which adopted the majority runoff presidential election system, provided the country with the institutional framework to consolidate a system of political competition between two blocks that were ideologically

opposed, the FA on the center left and both traditional parties on the center right. The most relevant, long-term process of change in Uruguayan politics has led to a radical transformation of the country's party system and to the advent of a new, leftist political actor in the national government. This process is rooted in the electorate's ongoing disenchantment with traditional elites, which was originally most evident among the youth, educated and urbanized sectors, and has been manifested in the political support for a party that has learned how to moderate its discourse and to gradually move towards the center of the ideological spectrum.

Along with its long democratic tradition, Uruguay also has a long history of political particularism. The way in which a substantial portion of the citizenry related to the state, both at the national and local levels, had a significant discretionary component until the 1960s. The intermediation of political brokers was the norm in order to obtain state services, and patronage defined the logic of recruitment into work in the public sector. Although there is no way of knowing whether corruption was common, particularism in Uruguayan politics marked the regime as not adhering to universal criteria in the application of public policy. For example, to obtain a telephone line, to have access to public health services, to get a license for some economic activities, or to accelerate the paper work to get a pension, you needed to be supported by a politician that performed as a broker regarding the citizen interaction with the state administration.

The exhaustion of clientelism as a political strategy occurred because it could no longer be sustained economically, and also because the new political actor, the FA, entered and gradually altered the status quo of political competition to one based on programmatic appeals. Social modernization, economic opening, technological advances, and financial fiscal precariousness defined the context of the consolidation of this change following the end of the dictatorship, and particularly during the 1990s. Clientelism as a strategy came to be expensive and anachronistic as technological advances, for example, made transactions like obtaining a telephone line easier; rather than taking months or years and requiring political connections, this transaction would now take place in the period of a few days for the connected and unconnected alike.

Figure 2. Government employment, pensions and GDP growth



Source: Figure generated using data from <http://www.iecon.ccee.edu.uy/base-de-datos-area-de-historia-economica/contenido/32/es/>

As it can be seen in the figure above, the total number of public employees as well as the total number of pensions grew systematically from the first decades of the 20th century up to the beginning of the decade of 1970. The period during which the total pensions grew from 60% of people over 60 to double that figure, and the total number of state employees grew from 6% of people over 18 again to double, coincided with the worst period of economic performance. This evolution partly explains why during the 1960 decade the political and social conflict reached extraordinary levels of violence, and why political parties realized the need to change their strategies to gain political support.

The Uruguayan party system is one of the most institutionalized in Latin America. On the one hand, the comparative political science literature, since the generation of the concept of party system institutionalization (Mainwaring and Scully 1995) to more recent studies (Jones 2005, Payne et al. 2006) classify the Uruguayan party system as institutionalized. On the other hand, diverse indices of political attainment (Freedom House, Polity Project, Latinobarómetro, Latin American Public Opinion Project, etc.) locate the Uruguayan political system in a position of regional leadership, including in these evaluations the party system and related attributes.

The notion of party system institutionalization is closely associated with the notion of stability, particularly in the electoral arena. And electoral stability favors accountability since citizens

know the contestants and can punish or reward them according to their performances. However, the Uruguayan party system has undergone significant transformations over the past several decades: the two-party system strictly dominated by two traditional parties until the 1960s when it was replaced by a new, multiparty model. In Uruguay, from 1916 until the end of the 1960s, the party system functioned with low levels of programmatic competition. The PN, the PC, and their different factions constructed their political bases in the clientelistic distribution of public resources. This equilibrium was based on institutions, which assured easy access to goods to be distributed both for the party, which currently held power, and for the party that was forced into the position of opposition. Álvarez points out that, “Uruguay is a society with a strong tradition of statism and clientelism” (2012: 40). Using Scheffer’s (1994) categorization, both parties can be considered to be “internally mobilized” parties, those constructed from within the state apparatus.

Until the sixties, political campaigns based on programmatic offerings put forth by so-called “parties of ideas” (the Socialist and Communist Parties, as well as the Unión Cívica, a catholic party), were unable to pose a successful challenge to the traditional system (the PN and PC). But, towards the end of the sixties, the traditional clientelistic strategy became decreasingly fiscally viable and increasingly electorally inefficient (Álvarez 2012). As a result, programmatic offerings began to garner success, and traditional sectors began to feel challenged by new party actors (chief among them, the FA), which aimed to undermine their popular and middle class electoral bases using programmatic offers.

The institutionalization of the Uruguayan party system is based, according to Buquet (2012), on the capacity it has demonstrated to generate, in the presence of external challenges, a body of rules that benefited, for more or less extensive periods of time, political stability in democratic contexts. The twelve year military dictatorship, from 1973 to 1985, represented the system’s incapacity to include a new actor, the FA, which imposed a new competitive strategy based on a party platform rather than on clientelistic distribution. When the dictatorship ended, the old party system had to adapt to new economic, political, and social realities in which clientelism was no longer an option. Social modernization, economic opening, advances in technology, and the financial and fiscal precariousness of the state, as well as the appearance of a programmatic opposition, required that the traditional parties (PN and PC) phase out clientelistic competition, replacing it with programmatic strategies of competition. As Bornschier (2012) suggests, the transformation of old oligarchic systems in programmatic party systems is associated with political polarization promoted by parties of the left that challenge the old, traditional block.

Between 1985 and 2004, the Uruguayan party system reached a new equilibrium (Buquet 2012), but this new status quo required not only the modification of rules aimed to integrate a new actor, but also the shift of the lines of political competition from a clientelistic logic to a

programmatic logic. Kitschelt et al. (2010) and Bornschier (2012) suggest that the Uruguayan party system is programmatic, or at least one of the most programmatic party systems in Latin America. In this way, changes in political competition, which followed a similar logic to that presented by Geddes (1994), transformed Uruguay into an “open access regime.”

1. State capacity and the rule of law

Uruguay has no “stateness” problems. The Uruguayan constitutional government exerts the monopoly of the use of force in its entire territory. All basic functions of the state are performed by the corresponding institutions. Since its independence the country has been organized as a republic with a classic separation of powers. Moreover, the country has 19 subnational (departmental) governments, and a variety of autonomous public bodies specialized in different areas such as education, utilities, and regulatory agencies. In general terms, the regulatory, administrative and implementation functions of the state are completely fulfilled. Nevertheless, Uruguay has a strong legacy of patronage in the building of the bureaucratic apparatus. Traditionally Uruguayan state has had a clientelistic system of appointment. Most of the posts in public administration were allocated through the distribution of parties to their supporters in exchange for their electoral favor. As a consequence, public employees show low levels of professionalism on the one hand, but high levels of party loyalty on the other. These features restrict the state capacity in some areas and prevent attempts to reform. However, past politicization, lack of professionalism and patronage legacy do not translate into political use of bureaucracy as in the past. Since the 1990s reforms, traditional parties have strived to tackle an oversized and inefficient state by reducing the number of state employees and privatizing state-owned enterprises. Additionally, the FA governments, first at the level of the Montevideo city hall (Intendencia Municipal de Montevideo) and then at national government level, made significant changes, introducing more competitive recruiting procedures without completely removing political influences. Thus, in general terms, the government currently makes efficient use of most available human, financial and organizational resources.

Furthermore, there is a clear division of functions among the judiciary, the executive, and the legislative branches of government in Uruguay, with mutual checks and balances. Inter-branch conflict is unusual and solved according to the constitution. The judiciary is fully independent from the executive and capable of accomplishing its function. The Supreme Court is appointed by two thirds of the parliament, and can declare laws unconstitutional. This happens frequently and in many instances the verdicts goes against government interest. There is also a Contentious and Administrative Court, appointed by the same rule, which can declare administrative acts null, and which often reject administrative decisions. Under this framework, civil rights are guaranteed and generally respected by the state while all citizens have equal access to justice and due process.

Uruguay enjoys a pluralist landscape and its society has a long tradition of organized social groups. The most salient and influential are labor unions and business associations. Most unions are unified in the unique national labor association, PIT-CNT, created in the mid-1960s. Business does not have a unique association but there are a few very influential associations that group the most relevant economic activities in the country (farmers, industry, the banking sector, export sector, etc.). Nevertheless there are other self-organized groups, devoted to diverse goals. In addition to interest groups, there are numerous associations related to school or neighborhood, based on voluntary work, and oriented to help the community.

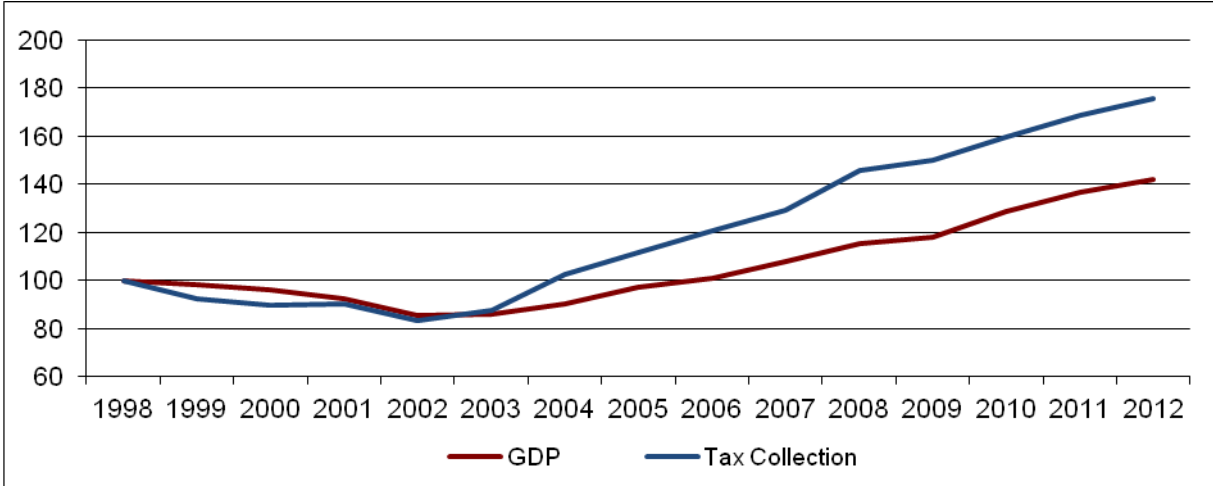
All of them have equal access to state officials and politicians and have the opportunity to exercise their voice in areas of their concern. Typically, organizations tend to establish a dialogue with parties from government and opposition. In this regard, association and assembly rights are fully respected by Uruguayan government with no significant restrictions, and freedom of expression is fully guaranteed for citizens, groups and the press without any kind of censorship. The media are ideologically and politically diverse, so that all relevant opinions are present on the public agenda.

Public allocation of services and goods is not discretionarily distributed. It is very difficult to observe any serious bias in the design or execution of public policies. For example, the Vázquez government (2005-2010) made important reforms in safety networks, especially increasing money transfers for the poor and expanding health coverage. The “equity plan” (Plan de Equidad), a classic CCT program, covers all children under the poverty line with a “family allowance” (Asignaciones Familiares) of about \$50 per child. This kind of plans opens opportunities to particularistic allocation, but in this regard there is no evidence of any political bias, even though the government party obtained some electoral profit among the targeted population (Queirolo 2010).

Since 2004, the government actively promotes private investments and public–private joint ventures in infrastructure developments. Currently, the government is particularly interested in attracting investments to develop the country’s port facilities in order to exploit its comparative advantages and become a regional logistic center. On the other hand, private companies, specifically foreign ones, are viewed institutionally as primary engines of economic development. In that sense, the government recently authorized the installation of a new paper pulp plant and an iron mine, which will involve the investment of several billion dollars. To promote this kind of investment, the government is improving the regulatory framework and signing international treaties to give them appropriate legal safeguards. Transparency, the rule of law and the respect of property rights became an asset to attract new investments and are the core of the government and country strategy.

It is hard to find data, in particular quantitative, which can be used to show the change in the governance regime in Uruguay. This is due to the lack of statistical data before 1973. Before and after regime change indicators are particularly important to understand if there is actually any change in the governance regime and their dimensions. We have seen above the general trend related to the evolution of the number of public employees and pensioners. Another striking figure that shows an important change from particularism to universalism in Uruguay is the systematic improvements on tax avoidance reduction. This stable pattern of progress in the development of state capacity implies significant changes oriented toward shortening the ability of economic agents to circumvent state control. Regarding informality, state capacity to collect taxes increased substantively during the last 8 years. A tax reform and an institutional improvement of the agency in charge of collecting taxes resulted in tax collection growing systematically more than the gross domestic product since 2003 (DGI, 2013). The office that is in charge of collecting taxes in Uruguay (Dirección General Impositiva, DGI) was reformed in 2000 in terms of its bureaucratic capacities. Since 2007 Uruguay has implemented a tax reform that includes an income tax. This reform also simplified all tax systems and ended with exemptions that favored different economic and social sectors. Figure 3 shows that since 2003 the evolution of the level of tax revenue collection at constant prices is systematically bigger than GDP growth.

Figure 3. Gross Tax Collection and GDP Evolution 1998 – 2012 (1998 =100)



Source: Figure generated using data from *Dirección General Impositiva – Aseosría Estadística*

At the same time, the number of people who regularly contribute to social security increased by 62% since 2004 (BPS, 2013). The coverage of the Uruguayan social security system grew from 50% of the economically active population in 2003 (the post crisis year) to 67% in 2010. These figures are outstanding in the Latin American context and comparable only to those in Costa Rica and Chile (Rofman and Oliveri 2012). This process was driven not only by economic growth but also by specific policies oriented to formalize former highly informal activities, like domestic servants or rural workers. In that respect it is telling to observe that

the coverage in the primary sector grew from less than 45% in 2000 to more than 70% in 2010, while in the secondary and tertiary sectors the increase was just a little over 10 percentage points (Rofman and Oliveri 2012). Additionally, other policy reforms encouraged labor formalization, like the health reform, which, by broadening the health coverage for the relatives of formalized workers, created incentives for workers' formalization. These figures show an important process of economic formalization and a substantive improvement in the state capacity to fight against tax evasion.

2. Corruption and anti-corruption policies in Uruguay

In 1998, the Uruguayan parliament ratified the Inter-American Convention against Corruption. From the mid-1990s until the 23rd of December of that year (1998), the parliament held a series of debates that ended in the ratification of Law 17.060. This law established new criminal categorizations, altered some that already existed, and created the Junta Asesora en Materia Económico-Financiera del Estado (today the Junta de Transparencia y Ética Pública, JUTEPE), commonly known in Uruguay as the “Anti-Corruption Board.” Unlike the old institutions that controlled the bureaucracy, this new institution was dedicated exclusively to tracking and preventing corruption.

Citizens' concern with reports of corruption involving formerly important government officials through the mid-1990s combined with an international environment that promoted reforms aimed to lessen corruption, were the main factors that created the context of the parliamentary debate that eventually led to Law 17.060. The discussion of the law was colored both by internal interests and the international consensus calling for institutional and legislative reform to combat corruption. However, the time spent in the debate, the way in which it took place, and its contents do not demonstrate that Law 17.060 was promulgated solely in response to citizen demand or international pressures. Nor is there any indication that legislators voted to approve the law believing that it would not be enforced.

The new institution was restricted in its ability to act (its role is not prosecutorial neither investigatory), and works under the aegis of the executive office. The political compromises reached clearly indicate legislators' distrust of an institution that would potentially be too powerful or independent. On the other hand, illicit enrichment was not specified as a crime in the new code, a normative change, which was specifically supported by International Organizations. Uruguayan legislators argued that establishing this sort of crime would shift the burden of proof from the prosecution, requiring the accused to defend their innocence and thus violating one of the principles of the liberal penal code.

Although the results of the parliamentary debate can be seen as a lost opportunity for greater advances, it demonstrates that legislators were worried not only about the political and electoral capital to be gained from passing such a law; rather, there was a serious concern

on the part of legislators regarding the law’s potential effects. In consequence, it seems reasonable that the national political context, the effects of international preoccupation with corruption, and the diffusion of ideas about controlling it, can explain some of the law’s contents; however, the resulting law also appears to be deeply connected to Uruguay’s institutional heritage. This is a central point, not only for understanding the evolution of Uruguay’s current anti-corruption institutions, but also looking forward at potential developments in these institutions.

Legislative advances over the course of the fourteen years since Law 17.060 was promulgated (see table 2) resemble the characteristics of the previous legislative process. Marginal changes to the law have not advanced or altered the fundamental decisions that were taken following the debate in the Uruguayan parliament in the second half of the 1990s. The characteristics of this process of institutional construction speak to the fact that these new norms are the product of the same, new equilibrium of political competition that they seek to regulate. This is the regulation of political activity by party agents themselves.

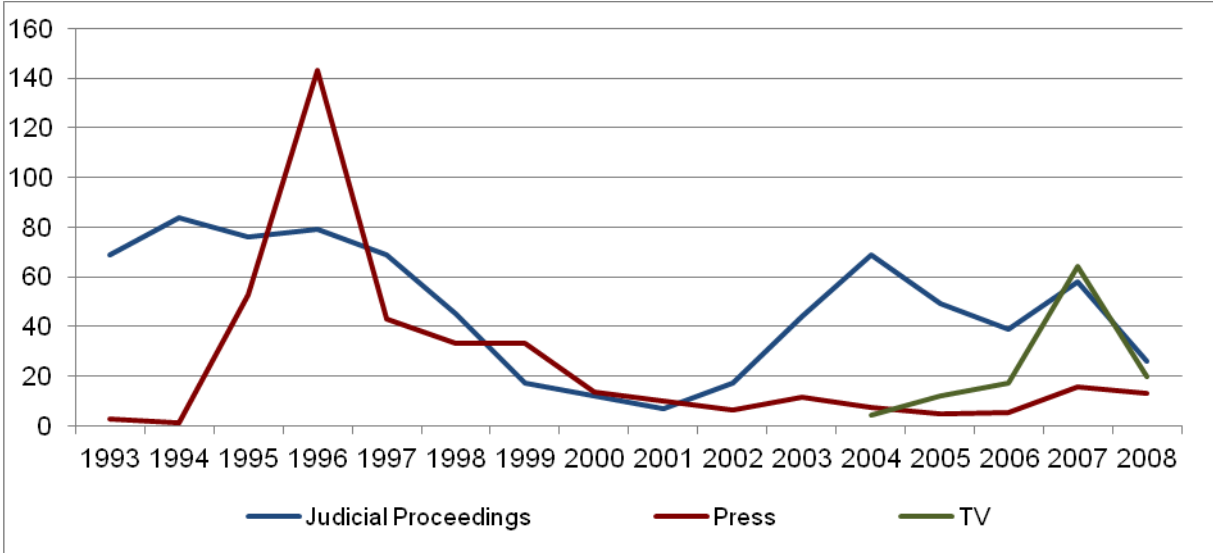
Table 2. Evolution of Norms Regarding Corruption

Date	Norm	Description
Sept 1998	Law #17.008	Congress approves the “ <i>Inter-American Convention Against Corruption</i> ” This international convention was signed in Caracas (Venezuela) in March 1996.
Dec 1998	Law #17.060	First law aimed at preventing and fighting corruption. It changes the definition of crimes that involve public administration and forces government officials to make income disclosure statements, and establishes an institution to control corruption, the “ <i>Anti-Corruption Board</i> ”.
Nov 1999	Decree #354/999	Regulates dispositions of the 17.060 Law related to the authority, scope of the “ <i>Anti-Corruption Board</i> ”.
Feb 2001	Law #17.296	It declares the “ <i>Anti-Corruption Board</i> ” as an institution with technical autonomy from the Executive.
Jan 2003	Decree #30/003	Establishes <i>witness protection in corruption trials</i> .
Jun 2003	Decree #226/00	Additional norms that specify the information that must be disclosed in the <i>income disclosure statements</i> .
Nov 2004	Decree #393/004	Establishes the <i>obligation to publicize government procurement</i> .
Oct 2006	Law #18.046	Allow the “ <i>Anti-Corruption Board</i> ” to cooperate with international organizations and NGO’s in the promotion of anti-corruption practices.
Nov 2006	Law #18.056	Congress approves the “ <i>UN Convention Against Corruption</i> ” signed in Mérida (Mexico) in December 2003.
Nov 2008	Law #18.381	Ensures citizen rights to <i>access to public information</i> .
May 2009	Law #18.485	Establishes norms related to <i>party politics finances</i> , it defines campaign spending limits and financial statements and contributors disclosure.

When we compare changes in the number of jail sentences to the time news outlets dedicated to reports of corrupt practices and the number of articles appearing in newspapers, the data follow similar trends (Figure 4). That there is no dissociation between the impact of

reports of corruption and the number of individuals processed by the Judicial Authority indicates that the new laws work and are being applied.

Figure 4. Number of Criminal Proceedings by the Judicial Authority, Number of Publications in the Press, and Time Dedicated to Corruption on Open Access News (1993-2008)*



Source: Figure created using data from the *Instituto Técnico Forense del Poder Judicial*, from “Foco: auditoría de medios” and the *Biblioteca del Poder Legislativo*’s database. In order to make these trends comparable, the number of press articles was divided by 10 each year, and the number of seconds the news dedicated to corruption was divided by 1000 each year.

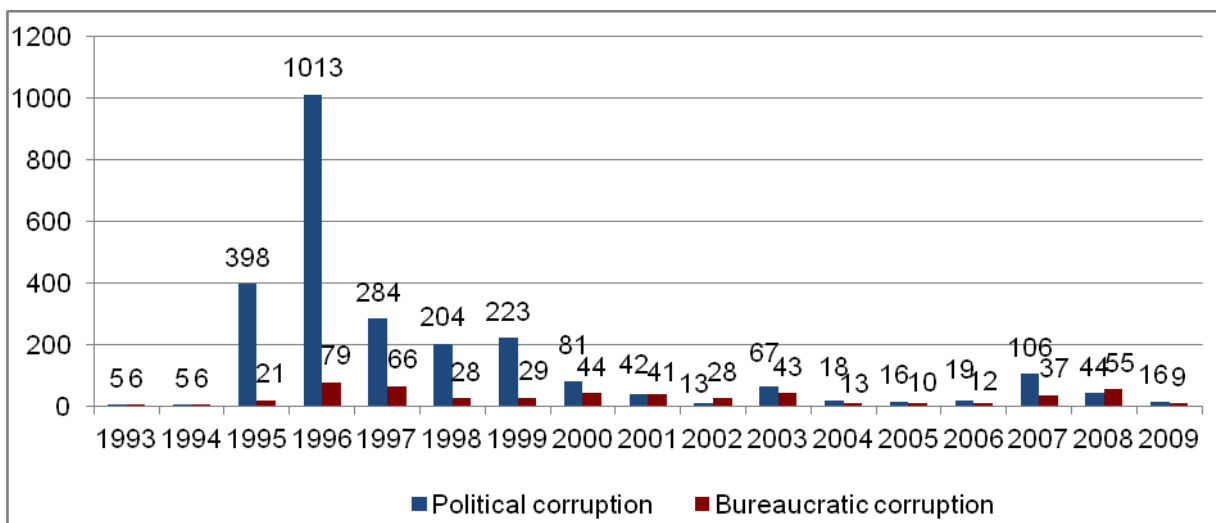
Anti-corruption legislation in Uruguay is not the cause of the regime change; rather, it was its result. The transformation of Uruguay into an “open access regime” with low levels of corruption created the necessity for politicians to regulate their own actions, and those of the bureaucracy more generally. Corrupt practices, which had never been the norm in Uruguayan politics, were then considered dysfunctional under the new sets of rules guiding the political system. This explains the narrower scope of the new institutions. They were created to regulate a new kind of competition between parties and not to solve a problem of politician’s legitimacy. They were not answers to citizens’ demands for transparency. We claim that the Uruguayan case illustrates how legislative advances that respond to competitive equilibriums in political competition (and particularly to the characters of “open access regimes”) generate institutions that assure politicians that regulation will not be used politically and, as a result, assures these institutions’ effectiveness and viability.

Other factors, like changes related to the impact of international organizations, the economic opening, changes in the main economic sectors, or the empowerment of civil society, cannot explain transformations in the main features of the regime. During the 1990s in Uruguay there was no mobilization of social organizations demanding greater transparency, as movements that led to the presidential impeachments of Collor de Mello in Brazil or Bucaram in Ecuador (see Pérez-Liñán 2007). It is also difficult to find statements of the business

sector worried about political or administrative corruption in the country, or the emergence of NGO's like "Poder Ciudadano" who became an active lobby in favor of transparency and an external monitoring of political and administrative activity. Just media tended to show public concern about corruption.

One way to appreciate the level of freedom of expression is observing how the variation in the total number of press articles dealing with corruption in Uruguay responds in large part to increases or decreases in the number of references to cases of political corruption (cases in which elected officials were implicated). As figure 5 shows most of the articles are related with political corruption. This is undoubtedly due to the interest that political corruption provokes relative to bureaucratic corruption, and again suggests the exceptional nature of the number of mentions registered in the second half of the 1990s, particularly in 1995 and 1996. Press mentions of cases of bureaucratic corruption varies much less over this time period, although the pattern of press mentions does tend to follow—in general—that observed in mentions of political corruption.

Figure 5. Number of Articles in the Press about “Corruption in Uruguay” From 1993 to 2009

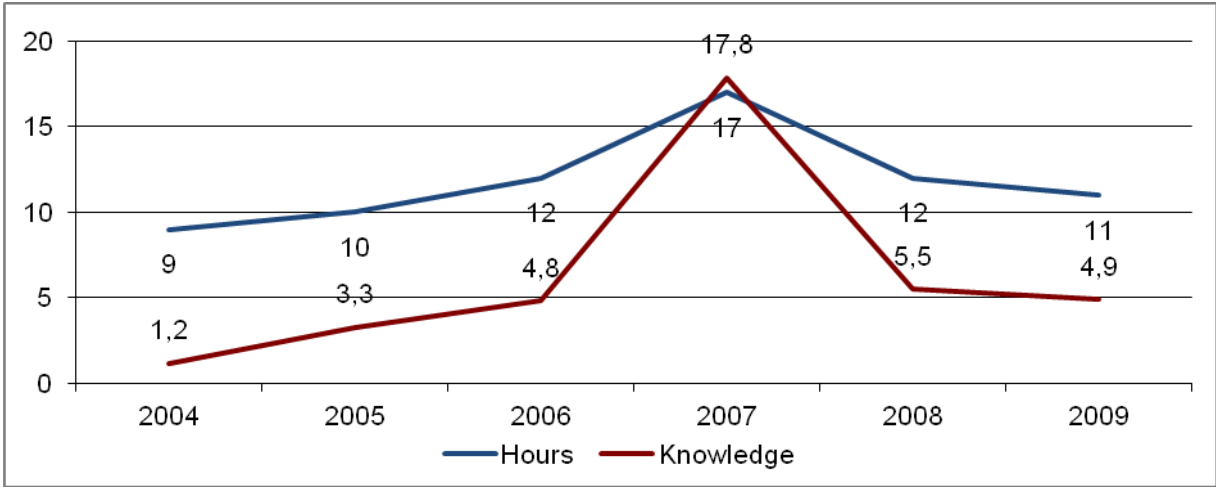


Source: Figure generated using the *Biblioteca del Poder Legislativo's* database.

The analysis of the number of seconds that news programs on open access television dedicate to the theme of corruption in Uruguay allows us to look for differences in the informational agendas of print versus television media. Figure 6 indicates that during 2007 a significant increase in television coverage of corruption took place. Observing Figure V, which illustrates the appearance of stories in print media, we observe that this year also registered a somewhat higher number of mentions than in the rest of the decade. As with the case of the press, levels of television interest do not appear to be influenced by the number of occurrences, but rather by their quality. Only cases with important political repercussions led to an increase in media attention to the topic of corruption. Increases and decreases in

the amount of time dedicated to stories about corruption in Uruguayan news programs were not related to the actual number of occurrences of corruption, but rather to their importance.

Figure 6. Comparison of Broadcast Time Dedicated to Corruption and Perceptions, 2004-2009



Source: Figure generated using data from “Foco: Auditoría de Medios” and Latinobarometer

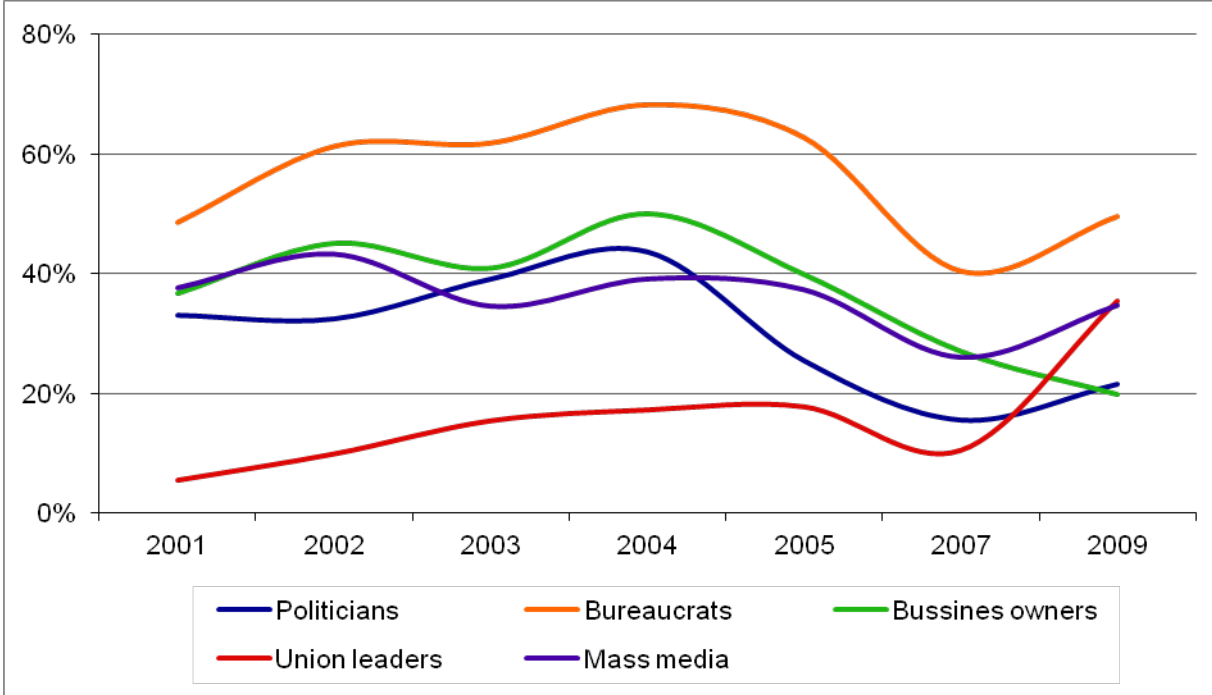
If we accept that the perception of corruption is influenced by public treatment of cases by the media, we should then think that it is political corruption, particularly those cases which take place in the highest rungs of government that have the greatest impact on these indices. One way to begin to establish this relation is to compare the time news outlets dedicated to themes of corruption with changes in public opinion regarding corruption. Figure 6 compares the time dedicated to the issue by the news – measured in hours – with the percentage of respondents who report having some knowledge of corruption, according to Latinobarometer’s reports. Television, more than print media, appears to influence public opinion; the figure illustrates a tight association between television coverage and public opinion. When the number of hours of television devoted to the topic of corruption increases, so do citizen perceptions of corruption; similarly, a drop in minutes of television devoted to the subject is associated with a drop in public opinion indicators. Particularly noteworthy is the sudden and simultaneous jump in 2007, which reaffirms this relationship between the media and public opinion. This corroborating evidence does not allow us to make any statistical generalizations, due to the small number of observations; however, it is indicative of the complicated and delicate connection between democracy and corruption. Democracy favors media treatment of the subject, as much because of the press freedom which democracy promotes as the interest that corruption generates in political competition.

In general terms Uruguay has low levels of corruption, even though some scandals occur. In those cases, the media pay attention, generating adverse publicity, and the judiciary prosecutes the accused official. Using information from the Permanent Elite Survey carried out by the Instituto de Ciencia Política since 2001, we can observe the evolution of elite perceptions about corruption in different areas. Additionally, to measure more concrete

aspects of corruption, the 2009 study inquired specifically about the level of corruption in different political and social contexts in Uruguay, and its levels compared to other points in time and to other countries. Figure 7 presents the proportion of respondents who answered “a lot” or “some corruption” to the following question: “If you had to evaluate the level of corruption that exists in different environments, how much corruption would you say exists in...”

These perceptions have changed in the past decade. Figure 7 illustrates this evolution according to the environment being analyzed. The change in the perceptions of Uruguayan elites is not entirely consistent with the scores reported by Transparency International, as in the 2001-2004 period, the levels of corruption attributed to different environments trends upwards. Speaking broadly, the series shows a steep fall in perceptions of corruption beginning in 2005, with the lowest point registered in 2007 and a slight increase in 2009. In general terms, the majority of the environments analyzed currently register lower levels than average in the historical series.

Figure 7. Perception of the Level of Corruption in Different Environments (annual data)



Source: Figure generated using data from “Encuesta Permanente de Elites” of Instituto de Ciencia Política

III. Summary and Conclusions

The figures and the analysis presented here corroborate the idea that Uruguay is a country where corruption is the exception rather than the rule. Corrupt practices do not appear to occur with greater frequency in any given sector of the population, and although there is

variation in perceived levels of corruption among social and political groups, the generalized pattern of perceived corruption is similar among these groups.

Uruguay is a “contemporary achiever,” a country that has only recently come to be considered an open access regime, which has registered modest economic achievements over the last 30 years. Uruguay shows how a change in the competitive equilibrium of the party system (from a system based in clientelistic competition to one grounded in programmatic competition) transformed the country into an open access regime. In this context, the legislative reforms instituted to control governmental administration and politics, did not seek to transform the structure of competition between parties, but rather to reinforce a change that had already taken place. That is to say, the laws that were incorporated to regulate the activities of politicians and bureaucrats were developed in a new context, where transparency is more highly valued, and where political corruption can cast doubt on the legitimacy of the system.

Although it is not true that corruption was pervasive in the past, the former governance regime in Uruguay was built around particularistic distribution of benefits and public services. Rama (1993) shows how organized interest and individual citizens were prized or penalized in a discretionary manner. The Uruguayan transition from particularism to universalism since 1985 is a transformation which can be best understood in the context in which clientelistic competition became unsustainable, a change that was driven in large part by the transformation of the party system from one in competitive equilibrium between two traditional parties, to another that had to incorporate a third party challenger. This highly institutionalized party system, which demonstrated once again its ability to adapt, is the key to this political transformation, which is a cause and not an effect of anti-corruption legislation and institutions in Uruguay.

Anti-corruption legislation in Uruguay did not bring this change; rather, it was a product of this change. This explains the means and the reach of the new system of norms, which was substantially less strict and later in its implementation than those in other countries in the region. These reforms were not instituted in response to a crisis of legitimacy like those that had oriented other countries to approve such norms, but rather the need to regulate political practices and the bureaucracy in the new context of programmatic competition. The transformation of Uruguay into an “open access regime” with low levels of corruption created the necessity for politicians to regulate their own actions, and those of the bureaucracy more generally. Corrupt practices, which had never been the norm in Uruguayan politics, were considered dysfunctional under the new sets of rules guiding the political system.

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Project profile

ANTICORRP is a large-scale research project funded by the European Commission's Seventh Framework Programme. The full name of the project is "Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption". The project started in March 2012 and will last for five years. The research is conducted by 21 research groups in sixteen countries.

The fundamental purpose of ANTICORRP is to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue is how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP seeks to advance the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis is laid on the agency of different state and non-state actors to contribute to building good governance.

Project acronym: ANTICORRP

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