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Technocrats in Paraguayan State Reform,
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**EVANGELIZING THE STATE
MENNONITE BRETHERN TECHNOCRATS
IN PARAGUAYAN STATE REFORM, 2003-2008**

by

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B.A., ANTHROPOLOGY, TRINITY UNIVERSITY, 2005

THESIS

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Mennonite Brethren Technocrats in Paraguayan State Reform, 2003-2008

by

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B.A., Anthropology, Trinity University, 2005
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ABSTRACT

Nicanor Duarte Frutos assumed the Presidency of Paraguay in August 2003 amidst the country's worst financial crisis since the end of the dictatorship. With low revenues, depleted reserves, and an inheritance of defaulted debts, he had little choice but to turn to international financial institutions when he took office in August 2003. To negotiate IMF and World Bank loans, as well as to orchestrate the reforms and implement the structural adjustments that would inevitably come with it, Nicanor Duarte turned to a small group of technocrats outside his ruling Colorado Party. The technocrats in the Nicanor administration were not the "Chicago Boys"-style monetarists that that occupied so many other Latin American cabinets, but members of a the Mennonite Brethren, a remarkably insular religious sect known for its traditional distrust of the political arena.

How should this departure be explained? Why, in light of a literature that posits technical expertise as the key to appointment in Latin American economic ministries, would Nicanor consider religious criteria in making his appointments? And why, in light of religious dicta that discourage political involvement, would these Mennonites accept? This thesis argues that in some cases, an appeal to expert knowledge may be an inadequate source of a technocrat's legitimacy. Because laypersons are prone to explain economic and political crises in moral and intentional terms rather than instrumental terms, presidents may appeal to the moral aspects of their technocratic appointments in situations where domestic actors hold considerable power. However, as this study concludes, this strategy has its own potential dangers.

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INTRODUCTION

The Paraguayan state was ill prepared for the economic turbulence of the Southern Cone at the end of the 1990s. With low revenues, depleted reserves, and an inheritance of defaulted debts, newly elected President Nicanor Duarte Frutos had little choice but to turn to international financial institutions when he took office in August 2003. To negotiate IMF and World Bank loans, as well as to orchestrate the reforms and implement the structural adjustments that would inevitably come with it, Nicanor Duarte turned to a small group of like-minded technocrats outside his ruling Colorado Party. At first glance, the new president's actions seem unremarkable: It is not uncommon for Latin American governments to appoint technocrats during financial crises to demonstrate the good faith of their reforms (Chehabi and Linz 1998; Schneider 1998). Nor is it uncommon that technocrats share a similar pedigree and common ideology thought to be appealing to international financial institutions and investors (Centeno 1993; Montecinos 1993; Babb 2001).

The technocrats in the Nicanor administration did not fit the usual pattern, however. Instead of the US-trained monetarists and anti-statist reformers that that occupied so many other Latin American cabinets, several of the most prominent *técnicos* in the Nicanor administration were members of a remarkably insular religious sect. The Minister of Industry and Commerce, the Minister Economic Advisor to the President, and the Vice-Minister of Taxation were members of the Mennonite Brethren, a loose confederation of Anabaptist congregations known for their traditional distrust of the political arena.

How should this departure be explained? Why, in light of a literature that posits technical expertise as the key to appointment in Latin American economic ministries, would Nicanor consider religious criteria in making his appointments? And why, in light of religious dicta that discourage political involvement, would these Mennonites accept? The following study argues that in some cases, an appeal to expert knowledge may be an inadequate source of a technocrat's legitimacy. Because laypersons are prone to explain economic and political crises in moral and intentional terms rather than structural terms (Leiser et al 2010; Muir 2010), presidents may appeal to the moral aspects of their technocratic appointments in situations where domestic actors hold considerable power. However, as this study concludes, this strategy has its own potential dangers.

SYMBOLIC SOLUTIONS TO MECHANISTIC AND MORALISTIC FAILURE

While the rise of technocratic expertise is hardly a recent phenomenon in Latin American politics, technocrats have received increasing attention by political scientists and political sociologists in the past decades. This is due in large part to the region's debt crises in the 1980s, which propelled a host of technocrats to top policymaking positions. Fearing that massive debt would lead to capital flight and macroeconomic instability, many Latin American governments sought to assuage the concerns of international financial institutions (IFIs) and foreign investors through the promise of rational reforms based on technocratic expertise (Silva 1991; Van Dijk 1998).

Scholars have increasingly recognized that this sudden rise of technocrats cannot be explained simply by the greater need of Latin American countries for foreign expertise (Centeno 1993; Markoff and Montecinos 1993; Schneider 1998; Babb 2001). Instead,

they argue that the prevalence of U.S.-trained technocrats in Latin American is better explained by the symbolic capital that technocrats give the governments that appoint them. The need for indebted Latin American governments to attract foreign capital encourages the appointment of personnel that share the same technical vocabulary, reasoning, and embodied competencies—in short the same “feel for the game”—as their peers in the World Bank and IMF. By sharing the dispositions of their interlocutors, U.S.-trained technocrats are better able to present arguments that international constituencies understand and consider legitimate and are thus more likely to secure desperately needed funding in times of economic crisis.¹ Of course, what international finance institutions find attractive in foreign-trained technocrats may acquire a negative symbolic value from domestic constituencies. As Sarah Babb notes, “At best, [foreign-trained technocrats] can be lambasted for being out of touch with the national reality. At worst, they are easy targets for accusations of betraying national interests to American imperialism” (2001: 217). But as Babb admits, the unpopularity of neoliberal technocrats among domestic constituencies usually has had little effect in impeding their appointment. International constituencies such as foreign investors and IFIs have had a greater impact on political stability than domestic constituencies, and the choice of technocrats by Latin American presidents have usually reflected the interests of those international constituencies.

However, as recent trends in Latin American politics demonstrate, this is not always the case. This balance of power between international and domestic actors has gradually

¹ In arguing that expert knowledge and discipline is manifested symbolically, I do not mean to imply that the forms of knowledge possessed by technocrats are ultimately arbitrary or that expert knowledge should not be used as a criterion for holding a particular office. However, expert knowledge must be recognized as such, and because the criteria for expertise remain hidden to lay constituencies, it is recognized and justified in largely symbolic terms.

shifted over the past two decades as democratic reforms and a burgeoning civil society has made Latin American leaders more vulnerable to their domestic political constituencies (Hershberg 2006; Feinberg, Waisman, and Zamosc 2006). The so-called “second-generation” reforms of state institutions that followed the macroeconomic reforms of the 1980s encountered a number of veto players, and consequently required the crafting of consensus and the setting up of channels for consultation and negotiation (Tsebelis 2002). The costs of pursuing unpopular reforms were considerable. A broad range of citizen groups, unions, and student organizations forced neoliberal presidents from office in Argentina, Bolivia, and Ecuador, and nearly did so in Brazil, Peru, and Venezuela, demonstrating that for many Latin American presidents, placating civil society actors can be as important to remaining in office as satisfying international constituencies (Hochstetler 2006). What does this mean for the appointment of Latin American technocrats? At a general level, the leaders of indebted countries who seek to capitalize on the symbolic value of technocrats must frequently play to domestic constituencies as much as international ones.

As Kurt Weyland (2004) noted in his study of neoliberal and neopopulist convergence, minority populations without previous political ties are increasingly recruited into many South American ministries to build new political bases:

In [Fujimori’s] nominations and appointments to congressional, governmental, and administrative positions he privileged sectors that had been marginal to the national elite, such as Peruvians of Asian decent. Similarly, Fujimori—like Collor and Menem—disproportionately promoted women into the political and governmental elite. And the president and his most trusted underlings sought to forge a new bureaucratic cadre by recruiting well trained experts who had lower-middle class backgrounds, had gone to public schools (not the expensive and exclusive private schools), and also lacked political experience. In these ways this neoliberal populist weakened distinctions of status and overcame barriers of

discrimination. This ‘lifting’ of relatively marginal people is a typical populist tactic (Weyland 2004: 1104).

For Weyland, recruiting technocrats outside elite institutions and existing political networks binds the recruited cadres closer to the personalistic leader, because the former lack independent bases of power. There is compelling evidence for this explanation, but it is also true that the particular identities of the technocrats Weyland mentions are important beyond their essentially negative identity as non-elites. Alberto Fujimori’s disproportionate appointment of women to top technocratic positions, for example, “gave the government useful ammunition against foreign and domestic critics who questioned the regime’s commitment to democracy and human rights” (Schmidt 2006: 165; see also Rousseau 2010). Likewise, Fujimori’s Japanese ancestry and well as his incorporation of Asian Peruvians into important administrative positions benefitted from the popular stereotype of the Asian immigrant community as a hardworking and successful minority group (Panfichi 1997; Roberts 1995). These cases suggest that, especially in cases where governments must appeal to various domestic actors, the legitimacy of technocrats may rest on something more than expert knowledge or personalist bonds.

Carlos de la Torre (2011) has referred to this combination of personalism and managerialism as “technopopulism.” As Fourcade and Healy (2007) note, “The discourse of the market is increasingly articulated in moral and civilizational terms, rather than simply in the traditional sense of self-interest and efficiency. There is a sense in which technocratic expertise is no longer sufficient to generate legitimacy and that it must be shored up by loftier ideals and practices” (2007: 305). As such, Latin American leaders facing structural reforms may drop appeals to instrumental rationality and speak a local language of moral legitimation. The following case describes such a situation. Nicanor

Duarte Frutos appointed Mennonite technocrats to lead a series of IMF-mandated state reforms that would give crucial *ex ante* loans to his cash-strapped government. Rather than framing these reforms as a purely technical solution to the country's rampant corruption, however, Nicanor cast the reforms as a moral recovery, and he appointed evangelical Anabaptists to lead it. By placing pious Mennonite businessmen in key positions to execute his reform agenda, Nicanor could declare that moral concern—rather than the crass political expediency of party politics or the cold efficiency of managerialism—was guiding state reforms.

While it is not uncommon for Weberian approaches to emphasize the role that religious groups play in the legitimation of the political order (i.e. Weber 1968; Maduro 1982; Bourdieu and Saint-Martin 1983; Bourdieu 1991), the correspondence between a religious message and the interest of the state is often latent and taken for granted. This essay, in contrast, describes a case in which a political leader recruited individuals from a particular religious group to legitimate a particular set of reforms. The particular blend of morality and technocracy in Nicanor Duarte Frutos' appeals for state reform allows this study to elucidate some of the important conditions for state reform and the ideological orientations that often guide it.

METHODS

The bulk of my data consist of fourteen in-depth semi-structured interviews with key informants conducted between August 2009 and May 2010. I interviewed all Mennonite politicians serving in the Duarte Frutos administration (2003-2008) and several Mennonites holding elected office at national, departmental, and municipal levels. I also

conducted interviews with two Mennonite Brethren church leaders engaged in church discussion over political involvement before and during the Nicanor administration. In interviews, all of these informants had the option of responding to certain questions where no direct attribution would be given.

I supplemented interview data with a number of archival sources. Church leaders of the Mennonite Brethren generously provided internal documents and position papers that resulted from church debates over political involvement. In addition to church documents, I systematically reviewed Paraguay's two largest newspapers, *ABC Color* and *Última Hora*, from 2002 to 2009. These newspapers served not only as a useful source of information for writing interview questions, but they also were valuable as primary sources due to their influence in opposing the reforms (Nickson 2006).

I have framed this study as a theoretically driven case study. Although the intensive study of a single case does not allow the types of generalizations that comparison between many cases may generate, case studies can lead to theoretical innovation. As I have mentioned above, Latin American leaders often must balance the threats of capital flight from international actors and political instability from domestic actors, threats that Nicanor Duarte Frutos acutely felt when he assumed the presidency. But by examining his anomalous response to this common problem, this study hopes to highlight the importance of symbolic capital in the selection of Latin American technocrats and the moral dynamics that may underlie state reform. There is another reason that this study is better suited for thorough case study. Given the almost total lack of published information on Mennonite Brethren involvement in Paraguayan politics, pursuing this study as an intensive case study is the most productive way to open this research to wider

comparisons of similar cases in the future.

This essay is organized as follows: It starts by considering the status of state administration in Paraguay before the reforms and the Nicanor Duarte's choice of moral technocrats to reform it. It then discusses the reasons that the Mennonite Brethren accepted Nicanor's entreatments and the possibility of the state's moral recovery, before addressing the process of state reform itself. Finally, the essay concludes with a discussion of the tension within Nicanor's strategy and its implications for other technopopulist attempts at state reform.

CORRUPTION AS A MORAL PROBLEM

Patronage and tolerated corruption had long been ingrained in Paraguayan politics before Paraguay's debt crisis in 2002. Since the early years of the Stroessner dictatorship (1954-1989), the Paraguayan state had functioned as a repository for the ruling Colorado Party, dispensing material privileges across all segments of the population in exchange for political loyalty. Through their contacts with party leadership, elites gained access to lucrative procurement contracts and to a thriving trade in contraband. On a more general scale, local party leaders bound the public to the party by controlling access to welfare services, credit, and employment opportunities in the state bureaucracy. By encouraging rent seeking among public sector employees, the party could employ a large number of loyal, if poorly paid, party members at little cost to the state (Lambert 1996).

Even after the fall of Stroessner's dictatorship, rent-seeking continued to secure party and personal loyalties, but its costs to the state became progressively unsustainable throughout the 1990s. Collusion between tributary inspectors and private contributors

made tax collection nearly impossible. By the end of the decade, this in combination with the exogenous impact of economic crises in neighboring Argentina and Brazil strained the party's ability to retain support through public employment and particularistic policy (Molinas *et al* 2006; Richards 2008).² In February 2002, the government missed wage payments to 200,000 public sector workers and nearly defaulted on a \$395 million loan that August. Long ineffective, the Paraguayan state was finally on the verge of financial collapse.

President Nicanor Duarte Frutos took office in August 2003 amidst the financial crisis, the country's worst since the end of the dictatorship. Nicanor, as he was popularly known, had risen from humble origins to the Colorado Party leadership through his skillful management of factional alliances. He had until recently been part of the pro-Stroessner Argañista wing of the Colorados. But even with his Colorado past, there was some confirmation that the new president could be a departure from the previous Colorado leadership. He openly blamed the faltering economy on the corruption of Paraguayan elites and berated his predecessors for their complicity, while presenting himself as the only one capable of wresting the country back from their control. To this end, Nicanor promised to regenerate the state and the economy through far-reaching reforms and "an end to the administration of the unscrupulous." The election was framed as the possibility for a decisive break with the corrupt past. As one supporter eulogized, "The elections were like a plebiscite in which [Nicanor] Duarte put his leadership on the

² Until the late 1990s, new employees in the customs administration worked without salary for their first year, their entire income consisting of bribes from contraband and the sub-invoicing of imports (Nickson 1997: 35; Nickson 2005: 60).

line and Stroessner his relevance. Clearly the figure of the former leader [Stroessner] belongs to the past and people want to move on” (*LASCR*, “Duarte crushes...”).

Though Nicanor promised to alleviate the crisis and break with the Colorado Party’s corrupt past, it was clear that some reforms were more politically viable than others. His government desperately needed loans from the IMF, but adjustments to state-owned enterprises could be as damaging to the administration’s future as the economic crisis itself: The previous year, massive demonstrations against privatizing a state-owned telephone company nearly drove Nicanor’s predecessor from office when he attempted to meet *ex-ante* conditionalities stipulated by the IMF. The President, seeking to avoid such a politically costly move, was openly critical of privatizing state-enterprises during his campaign:

One cannot force social, cultural, and moral change on a people through the imposition of economic conditionality in an exclusive way. The human being is more than the market. We will make a just State, finally the servant of free men. We will build a society with equal opportunities so that development will have a human face and democracy will be the cement for social equity (Presidencia de la República 2003).

Naturally, his populism restricted his ability to acquire desperately needed emergency loans from IFIs (cf. Geddes 1994). The privatization of state-owned enterprises had been at the forefront of the IMF’s policy dialogue with Paraguay for the previous decade, and Nicanor’s refusal to sell state-enterprises could lead to further defaults and possible political instability if he could not reach an agreement with the Fund. Nicanor was thus left with the difficult task of recruiting a team of technocrats that could placate the IMF without alienating domestic constituencies.

Given his party’s unscrupulous past, it was clear that he had to look outside the Colorado corporatist apparatus to build his administration’s reputation. Nicanor’s choices

for such a group were rather limited, however. Newer political parties such as the Encuentro Nacional and Patria Querida had stronger claims to urban professionals and private industrialists, who were mostly skeptical of the Colorado Party's attempt at self-reform. Even if Nicanor could convince technocrats from other parties to join his team of reformers, the Colorado leadership would not allow their appointment. Prospects from outside the established parties seemed little better. Enclaves of Japanese and Lebanese immigrants, who had formed an important bureaucratic cadre in Fujimori's Peru, had arrived in Paraguay only recently and lacked the managerial experience needed for substantial reforms.

The country's Mennonite population, on the other hand, was not only economically successful; they were also, for the most part, unaligned with existing political parties.³ Most of Asunción's approximately 1,300 Mennonites were composed of upwardly mobile or well-established businessmen and their families. Some of these businessmen were in Asunción to broker the imports and exports of the Chaco colonies' cooperatives. Others had left the colonies to become manufacturers far away from the cooperatives' control. Both groups had developed into skillful managers with a reputation for austerity, and owing to their aversion to party politics, they were with few exceptions excluded from the clientelistic networks that dispensed state procurement contracts.

Seeking to bring this managerial expertise to his own reforms, it seems that Nicanor entertained the idea of modeling state institutions on Mennonite cooperatives during the early months of his campaign. According to Ernst Bergen, a Mennonite businessmen who

³ Some political parties did court prominent Mennonites after the fall of Stroessner. Heinz Ratzlaff and Orlando Penner, both Mennonite Brethren, served in Congress as members of the political party *Encuentro Nacional* in the 1990s.

would later become Nicanor's Minister of Industry and Commerce and Minister of Finance, Nicanor saw a possible solution to the state-owned businesses in the successful cooperatives of the country's Mennonite minority. Bergen recalled that Nicanor had "asked around for someone with credibility in the economic community who could explain the financial structure of the Mennonite colonies in the Chaco. The cooperatives there operated quite efficiently and successfully, and Nicanor wanted to explore if anything from that approach to economics could be applied to the country as a whole" (Bergen 2008: 42-43).⁴

Nicanor's interest in the Mennonites did not rest entirely on their outsider status and reputation for managerial expertise, however. Even after he eventually rejected the plan to reform state enterprises on the model of Mennonite cooperatives, Nicanor brought in reform-minded Mennonites to work for his campaign. In doing so, he incorporated the country's longstanding association between anti-corruption efforts and religious groups. Interdenominational Christian groups had been powerful critics of misgovernment and corruption even before the fall of Stroessner (Carter 1990), and Mennonites had become increasingly influential within these organizations when democratization began. One of the country's most vocal promoters of business ethics and largest lobbies for state reform was the Association of Christian Businessmen (ADEC), to which many urban Mennonites belonged (Nickson 2006). Arnoldo Wiens, a popular television host and Mennonite pastor, similarly advocated for the coupling of "Christian ethics" and broader

⁴ Nicanor did in fact appoint a more traditional technocrat, the U.S. educated economist to Minister of Finance Dionisio Borda, but according to Walde, this was after Walde had already refused the position. Likewise, when the chief administrator (*Oberschulze*) of one Mennonite colony refused Nicanor's offer to be Vice-Minister of Taxation, he simply asked the administrator of the neighboring colony.

structural reform on his nightly talk show *Siglo a Siglo*.⁵ These critiques, articulated in a religious idiom of sin and redemption, attributed Paraguay's corruption to a widespread moral crisis and Godlessness, emphasizing the need for individual moral reform (cf. Smith 1995).⁶ Solving such a crisis, they argued, would take strong moral leadership (Wiens 1998). The critiques circulating from ADEC and *Siglo a Siglo* didn't so much deny the importance of structural reforms as bracket them. As Anthony Giddens has noted, for lay actors to defer to expert knowledge, "[i]t is understood that reassurance is called for, and reassurance of a double sort: in the reliability of the specific individuals involved and in the (necessarily arcane) knowledge or skills to which the lay individual has no effective access" (1991: 85). The specific reassurance they sought was not only in the technical knowledge needed for successful reform, but in the moral character of the reformer himself. Thus, while they might look to a certain technical vocabulary and mode of argumentation to signal a technocrat's expertise, they would also look for a certain Christian *habitus* to index the moral qualities of reformers. In short, by situating morality

⁵ In a book devoted to Christian ethics and corruption, Wiens (1998) suggested the Church's witness to the world could function similarly to the "islands of integrity" program proposed by Transparency International. Just as the latter program involved an entity's pledge to reduce corruption while promoting transparency, accountability, stakeholder participation, Wiens believes the Church's commitment to justice, love, service, and holiness acts has a reforming presence in a corrupt society. "The Christian alternative community is the ideal group to function as an island of integrity in a context of corruption" (Wiens 1998; see also *Komitee für Friedenslehre* (1993)). Wiens has since declared his candidacy for the Presidential election in 2013 and is currently endorsed by Walde and Bergen.

⁶ Walde expressed much the same opinion in an interview with the author: "Corruption is not only in government; it is in society. People in government are not separate from society. The difference is people in government have more power to be corrupt. It is a question of regenerating our society with new concepts, and then government will change. Of course men like Nicanor with a Christian worldview help" (Walde, interview 9/4/2009).

prior to expert knowledge, these pro-reform Christians emphasized the need for moral experts who could be trusted with implementing just reforms: Christian guardians who could guard themselves.

Still, Nicanor would have to consider more than just domestic factors when selecting technocrats to lead his reforms. During his campaign, Nicanor never explicitly linked the Mennonites to his efforts to boost the ethical standing of his administration in the eyes of the IFIs and international investors, and the IMF made no mention of Nicanor's plan for the state's moral recovery in any of its publications. But as he made clear in an interview shortly after taking office, Nicanor believed the perceived moral legitimacy of his administration affected his bargaining power not only with domestic constituencies but with international actors as well: "Paraguay needs a more flexible position from multilateral organizations. And we know that flexibility depends a lot on how the United States, fundamentally, and other international bodies perceive the ethical standards of our government" (*LASCR*, "Duarte's bid..."). Investor confidence too might benefit from the substantive moralization of the government, the President argued. "To build the market, we need the state to recover its moral authority", he said in an earlier interview (*LASCR*, "Privitization..."). To begin this moral recovery, Nicanor turned to the Mennonite Brethren.

RECRUITMENT

Nicanor had been aware of the Mennonite community long before he ran for the presidency. His wife, Gloria, had converted to Mennonitism in the early 1990s, among the first converts to result from the Mennonite Brethren's increasingly outward look after

the fall of the Stroessner regime. When *Raíces*, a small Spanish-speaking Mennonite Brethren church, was established in Asunción in 1996 to attract middle class Paraguayans, she became one of its most enthusiastic and active members. Nicanor accompanied his wife to Sunday services at *Raíces* when his political career allowed, though his interest in the Mennonite faith was at first negligible. This changed in the years leading up to his presidency, however. As public opinion turned on the Colorado leadership in the late 1990s when the recession deepened, Nicanor became increasingly interested in the pro-reform leanings of many in the congregation. An alliance with these and other “new democrats” would give Nicanor crucial legitimacy when protesting his party’s corruption (Hetherington 2011). Piety and economic success, both of which the Mennonite Brethren held in abundance, could serve as an assurance that reformers would be effective without succumbing to the temptations of power and influence. The church seemed a fitting place to look for a group of modernizing outsiders to form his new government, *if* the Mennonites would indeed accept.

In April of 2003, shortly before the election, Nicanor approached Carlos Walde, one of Asunción’s most prominent businessmen, about serving in his cabinet. They knew each other from the *Raíces* congregation, and Walde, being impressed with his wish for reform, had already helped Nicanor develop a coherent economic platform during the campaign. Weeks later, Nicanor did the same with Ernst Bergen, another prominent Mennonite businessmen whose wife was close friends with Gloria Duarte, and Andreas Neufeld, the administrator of the Menno Colony cooperative. Nicanor couched his request for Walde, Bergen, and Neufeld to serve in his administration in moral terms

rather than simply technical ones. “Nicanor played this game with the Mennonites,” said one Mennonite pastor close to the President:

He would say, “Come and save me from my corrupt party. I am the boss of this party, but you know what the ethics are like here. I need your help.” But then he would also say: “You just want to be the clean, pious ones, but social transformation means getting dirty, even getting dirty with the corrupt.” He knew how to appeal to Christians. [He would say that] we need Christians in order to get out of this moral quagmire (interview 5/28/10).

For all his emphasis on a Christian solution to state reform, it is notable that Nicanor’s appeals were based on a secular consequentialist ethics quite different from traditional Mennonite attitudes toward the state. Traditional Anabaptist theology had opposed most political participation on the grounds that the state’s use of violence violated Christ’s commandment to “resist not evil,” which freed the church from any responsibility for its welfare.⁷ Nicanor, in contrast, argued that Christians bore a responsibility for the state because they were the only ones capable of redeeming it, that the state could only be wrestled from corrupt elites by a core group of moral technocrats reforming the state *from within it*. The possibility of reconciling what Weber (1946) called the “abysmal contrast” between ultimate values and worldly responsibility thus defined the debate among Mennonite Brethren over political participation.

⁷ Anabaptist political theology and practice is far more complicated than I can address given the scope of this essay. Its core message, however, is that the state is given divine sanction to maintain worldly order, thereby securing the existence of the church and its evangelization of the world. However, because the state fulfills its mission with violence, it remains outside of God’s grace. It is these seemingly conflicting features of the state that define the believer’s intended relationship to it: Because the state is divinely instituted, believers must subordinate themselves to it, but to remain faithful to Christ’s commandment of nonresistance, believers must distance themselves from its coercive reach. The historical relationships between various Mennonite groups and the states in which they have lived are far more complex than their ostensibly Manichean worldview would suggest. For a historical discussion of these relationships, see Urry (2006). For an excellent ethnography of Old Colony Mennonite church-state relations in Argentina and Bolivia, see Cañas Bottos (2005; 2009).

Though Nicanor's Manichaeism was more populist than Anabaptist (cf. Laclau 1977), the idea that the Mennonites could be the moral exemplars of his administration was well received by the more evangelical members of the Mennonite Brethren, who were charmed by its heroic script. This was especially true of the church leadership in Asunción's two Mennonite Brethren Churches, *Raíces* and *Concordia*, who since the fall of the Stroessner dictatorship had argued for greater missionary involvement and closer ties to Paraguayan society. According to Horst Bergen, a pastor at *Raíces* and the brother of Ernst Bergen, "The Mennonite principle always was that we live in the world, but we try to maintain a difference *from* the world. And now the more modern groups, they think we have to make a difference *in* the world" (cit. Wood 2008, emphasis added). Years earlier, several Mennonite Brethren had attempted to found an evangelical political party, and although this attempt was squashed by more reluctant Mennonites, it made a case for direct involvement in national politics. Much more than their coreligionists in the rural Chaco colonies, the churches in Asunción felt the destabilizing effects of the economic crisis and administrative malfunction, and with a stronger tradition of evangelic engagement than other Mennonite congregations, these Mennonite Brethren churches felt an obligation to change it. Political participation, as they saw it, might be justifiable as an act of witness—that is, an act of evangelical mediation between the community of believers and the fallen world.

Reflecting this sentiment, a group of Mennonite Brethren pastors drafted a position paper in February 2003 cautiously justifying political engagement: "As it is the task of the community to be the salt and light of the world, it is possible and meaningful to take political action *according to Christian witness* [...] A Christian citizen may positively

impact regional and national political processes by assuming political office” (Richtlinien der Vereinigung 2004: 15, emphasis added). The exemplary behavior of inspired politicians, as a form of witness, could testify to or give evidence for the truth of the gospel. Thus, rather than the community of believers avoiding politics to preserve their piety (as the Mennonites had traditionally done) or selectively entering politics to preserve their separation from the world (as Mennonites had occasionally done), they suggested that in some cases, believers could demonstrate their piety by assuming public office.

The church leadership did not delineate what the empirical conditions for political participation should be, however. For the elders to formally decide who could and could not enter politics would politicize the church leadership; besides, one had to be called by God to service in politics, and the necessary individuality of this experience meant the choice ultimately lay with Walde and Bergen rather than the church leadership. To be “called” was to *feel* that God approved of political participation as an acceptable form of witness. As Walde recalled, his discussions with elders and family on whether to accept Nicanor’s offer revolved precisely around the authenticity of this calling to politics:

The decision was individual, but of course I wanted my church to accept. I contacted my church, and asked the pastors if they would agree to me working there. I had many pastors: of this new church [*Raíces*], of my home church [*Concordia*], also from the conference. I invited all of them. They agreed that if I would maintain my relationship with the Lord during that time, and if I felt it was a call, then they said it was my choice. [...]

I went to my family and said, ‘I want to work as the economic advisor to the president. And I need to work full time. There is no other way. Can you accept this?’ I respected my father, I asked him. I asked my brothers, who are my co-directors [of my family business]. They accepted. I spoke to my family to see, and they supported me. [They said], ‘If you feel that this is a call, you can do it, but only that. Not if it is only in your interest. The difference is that you must feel a call from God, because you can do God’s work in the private sector [as well],

wherever you want. And you must feel it.’ And I felt it was a call. It was a real opportunity to work on things that we have only talked about for so many years.

So I started working with him, and then he told me he wanted to give me a position of Minister because I needed to be in the economic team, and to have more power, I needed to be a Minister. He asked me to work in an office in the government palace and work with him. So I started working there, without political experience (Walde, interview 9/4/2009).

Similarly, Bergen emphasizes the revelatory character of his decision to serve in Nicanor’s cabinet:

The board of elders who met at our home that evening oversaw both congregations—the German-speaking one [*Concordia*], to which I belonged, and [*Raíces*], to which Gloria [Duarte] had belonged a number of years. But despite that, the board didn’t feel cornered or squeezed by the First Lady’s membership. Our discussion boiled down to this question: Which is more responsible for me—to say ‘yes’ or to say ‘no’ [to Nicanor’s offer]?

The eight of us in the meeting didn’t disagree so much as deliberate. Is this an opportunity for service? This is an invitation to someone not affiliated with a political party or with the military. We can’t give a blank endorsement for political activity, but maybe there are times when it’s okay. Public service should always serve others and should not be entered for any other reason. At the end of the evening the [board of elders] recommended I accept. They wanted to see that good resources were contributed to the new government. Not long after that, I had another encounter with God about what I should do. [I realized that] God wasn’t asking me to sacrifice or make a specific contribution. God was giving me the privilege and the opportunity to offer back to the Paraguayan people some of the good that I had received, and some of the generosity and hospitality that my people had received. Suddenly, I had a change of mood. The invitation to serve in the government no longer felt like an obligation to avoid, but a privilege to return some of the good that had come to me from this country and its people (Bergen 2008: 56-7).

Given the conspicuously religious language Walde and Bergen used to justify their political participation in state reform, it is tempting to slip into a Weberian idiom of “persons of vocation” or “inner worldly asceticism” to describe their dispositions.

Scholars working in the Weberian tradition have long emphasized the disciplinary potential of ascetic Protestantism, and more recent studies in political sociology have argued for the central role of ascetic Protestantism in the paradigmatic case of proprietary

officeholding in Prussia. Richard Gawthrop (1989; 1993), for example, has argued that the continual spiritual rebirth demanded of Prussian Pietists encouraged substantive reforms of church institutions, which became a model for the administrative and social reforms of the seventeenth-century Hohenzollerns. More recently, Philip Gorski (1994; 2005) has argued that Calvinist discipline in Prussia provided the ideological and practical foundation for modern bureaucracy. Conflict with the Lutheran elites, Gorski maintains, led the Calvinist ruler Frederick William to institute an independent system of administration staffed with his co-religionists, who deliberately incorporated the disciplinary practices of ascetic Protestantism into the Elector's administrative reforms. In both arguments, alliances between reforming rulers and ascetic crusaders lead to the replacement of a prebendary state apparatus with a technical bureaucracy. Could something similar—albeit at a smaller scale—occur in Nicanor's appointment of ascetic Mennonites?

Weber ultimately dismissed the revolutionary political potential of Anabaptism for its insistence on nonresistance to evil.⁸ Holding fast to the ethic of ultimate values, Anabaptism “withdrawals from the pragma of violence which no political action can

⁸ Ironically, however, Weber believed the Mennonites' abstention from politics was essential to their revolutionary *economic* ethic: “...The intensity of interest [of early Anabaptists] in economic occupations was considerably increased...by the refusal to accept office in the service of the State, which originated as a religious duty following from the repudiation of everything worldly. After its abandonment in principle it still remained, at least for the Mennonites and Quakers, effective in practice, because the strict refusal to bear arms or to take oaths formed a sufficient disqualification for office” (Weber 1958: 150-1). He leaves open the question whether their economic success might eventually necessitate political involvement, however.

As a whole, Weber wavers over Anabaptism's rationalizing potential throughout his work (cf. 1946b: 340). For Weber, the Anabaptist emphasis on inspired conversion diminished the active, methodical quality of salvation typical of Calvinism, though he also granted that such “irrational” inspiration usually came to the most ascetic of the group (1958: 146).

escape,” and thus remains fundamentally “otherworldly” in its orientation (Weber 1948: 336). What seems to have changed for some of Paraguay’s Mennonites and what fostered their alliance with Nicanor Duarte is the belief that the state *needn’t be* violent, that transferring private sector work practices into the state could pacify the violence of *caudillo* politics. As Carlos Walde explained in an interview,

Machiavelli is for Latin American politicians a fundamental inspiration. In this world of open information and communication, Machiavelli isn’t practical any more. It may have been in the past—I don’t discuss this. If it was right or wrong, I don’t enter into this. Maybe it was effective and wrong. But it is now obsolete. With open information, Machiavelli doesn’t work (Walde, interview 9/4/2009).

The violence of politics, in Walde’s view, was no longer a cause for political withdrawal, but something to be replaced. Through rational reforms, the Paraguayan state would be obliged to abandon the “Machiavellian” means of realizing political interests through force in favor of efficient and nonviolent means based on open information and objective market-based techniques (see Hetherington 2011). The ethic shared by Walde, Bergen, and Neufeld was an ethic of anti-politics, a drive to domesticate the coercive state by rational administration to “replace a government of men by administration of things,” in Engels’ famous words (1969: 333). If the Mennonite Brethren settled the tension between an ethic of ultimate values and the ethic of responsibility—in this case, the Anabaptist ethic of nonresistance and the pragmatism of the state—they did so not as crusading agitators but as pacifying technocrats. In this sense, the inherently violent state could be redeemed. The question of how this ethic would affect state reform was anything but clear when they took office. It is to this question that I now turn.

REFORMING THE STATE

The reforms that Nicanor had promised began soon after he took office. His *defensores del cambio* (defenders of change), as he called his team of technocrats, took aim at those channels through which public resources flowed to elites. Strengthening the supervision of public procurement and customs administration received particular emphasis. Nicanor's rivals within the Colorado Party would be drained of their rent-based resources, and with the resulting increase in state revenues, the IMF would be assured that its loans would be repaid. And for much of the first two years of Nicanor's administration, both goals quickly progressed. The Minister of Finance introduced a new customs code and a national customs body to oversee its execution. To strengthen their enforcement, the Vice-Minister of Taxation, Andreas Neufeld, signed a resolution that gave functionaries within the Ministry of Finance a percentage of fines collected from successfully prosecuted cases of tax evasion.⁹ The reforms' successes left international observers optimistic. Within a year, tax arrears collected by the Ministry rose by US\$1.98 million, an 800% increase (Nickson 2006). The country's credit rating was raised, and the government was able to secure a \$73.4 million dollar credit agreement with the IMF.

There were signs, however, that the separation between apolitical managerialism and *caudillo* politics was less tenable than the Mennonites believed. As early as 2005, Nicanor's impetus for reform became intertwined with his political ambitions. Arguing that the country's constitution "does not facilitate governability in a democratic system," Nicanor pushed for referendums that would extend his five-year term limit and allow him to sit as Chairman of the Colorado Party during his presidency (*LASCR*, "Opposition...").

⁹ Ministry functionaries had been known to accept bribes from companies under investigation, and few cases of tax evasion were actually prosecuted. Neufeld's Resolution 537/04 sought to offset these bribes by paying bonuses to those within the Ministry who successfully prosecuted cases of tax evasion.

Consolidating power, he claimed, was necessary to overcome the embedded interests for the reforms to continue. There was some truth to this claim: His chief rival in the Colorado Party, Osvaldo Domínguez Dibb, was a wealthy *contrabandista* whose profits had been significantly reduced by the reforms of the customs administration. Nicanor's run for Chairman of the Colorado Party was largely an attempt to block Domínguez Dibb from taking power and derailing the reforms. Yet Nicanor's ambitions seemed to derail the reforms as much as it did to facilitate them. To boost his support in the Party elections, Duarte supported relaxing the IMF-mandated monetary policy and injecting capital into the Central Bank, a move that would create short-term economic growth but possible long-term inflation. Frustrated by Nicanor's disregard for its policy and the slow speed of the government's audits of public enterprises and banking reforms, the IMF threatened to withhold the disbursements from its credit agreement. The ensuing rift between Nicanor and the IMF divided the cabinet, and in May of 2005, Nicanor succeeded in forcing out the popular Minister of Finance Dionisio Borda, who had opposed the President's spending.¹⁰

Though Nicanor won the internal elections against Domínguez Dibb, many saw his methods, which including overturning the constitutional rule that prevented him from holding the Chairmanship of the Colorado Party and President of the Republic simultaneously, as abuse of executive power. Immersed in a political game with the Colorado opposition, he began to lose his status as political outsider. The resignation of a prominent technocrat over the President's political maneuvering had affected his

¹⁰ These measures included the creation of a trust fund for the Ministry of Public Works, the acceptance of high interest rate loans from the Brazilian Development Bank for road projects, the granting of subsidies for the agricultural sector, and the release of bonds to pay for the expropriated property.

Mennonite technocrats as well. Ernst Bergen, who took Borda's place as Minister of Finance, was immediately criticized as unwilling or unable to stand up to partisan interest. With urban democrats turning away from Nicanor, the administration's technocrats began to lose popular support.

Political attacks against Nicanor's administration, and his Mennonite appointees specifically, intensified. In February of 2006, Neufeld's rivals within the Ministry questioned the legality of the honoraria given to the Ministry's prosecutors and accused the vice-minister of "corruption, unlawful enrichment, extortion, prevarication, and the persecution of innocents" (*ABC Color*, "Indagarán...").¹¹ The resulting investigation could not demonstrate that the tax reforms were unconstitutional nor did it find any evidence of Neufeld unfairly prosecuting the Menno Colony's business rivals, as was alleged. It did, however, uncover so-called "irregularities" in the vice-minister's résumé. Upon taking office, Neufeld had wrongly cited an engineering degree he did not have as one of his job qualifications, one that allowed him an additional hundred dollars in his monthly salary. It proved to be enough to force him from office, however, and he was asked to resign in May of 2007.

Accusations against the other Mennonites in Nicanor's administration led to the growing distrust in the reforms' disinterestedness. One of Walde's principle tasks had been to work with the President and the Finance Minister to strengthen procurement standards. Reforms began in mid-2003 with the establishment of new procurement

¹¹ Later allegations accused Neufeld of concealing tax evasion by the Menno Colony cooperative while illegally fining its business rivals (*ABC Color*, "Dos empresarios..."). Again, Neufeld's accusers offered no proof of the cooperative's tax evasion or of the alleged cover-up, and the charges were soon forgotten.

procedures and an agency to enforce it, the Office for Public Procurement.¹² The law regulated purchases differently according to their value, balancing risk and efficiency, and increased transparency through a public web-based bidding process and was funded in part by a grant from the Millennium Threshold Program that Walde oversaw. The minister also encouraged public-private oversight of bidding processes through associations such as *The Counsel to Promote the National Integrity System*, of which he served as President. In 2005, however, it was uncovered that three of his family's businesses held contracts with the state. Even beyond this conflict of interest, there was some suspicion that Walde acquired these procurement contracts through less than legal means: One of his family's companies was awarded a large contract even after it violated procurement regulations, ironically regulations Walde had helped implement (*Última Hora*, "Licitaciones...").

With much of the country's newspaper and television companies still controlled by traditional *stronista* factions, opponents of the reforms had sufficient media to redefine the symbolic terms of the reforms.¹³ Criticism of Nicanor's Mennonite technocrats was scathing. They were not just corrupt, the opposition newspapers alleged, but they were hypocrites who had cynically used their faith for material gain. Referencing the Walde family's state contracts, headlines of the newspaper *ABC Color* read, "We pray to God and bill the state" (*ABC Color*, "Biblia en mano...").¹⁴ Nicanor too was suspected to be a

¹² See Auriol, Flochel, and Straub (2009) for an evaluation of the procurement reform's efficacy.

¹³ On the role of the media in opposing the reforms, see Nickson (2006).

¹⁴ More allegations from the opposition surfaced that Walde and Bergen were colluding with the Director of Customs—who the newspapers accused of being a closet Mennonite—to avoid paying import taxes on their companies' purchases (*ABC Color* "Margarita blanqueó...").

closet Mennonite. Newspapers and television pundits suggested that he was pressuring his aides and advisors to convert to Mennonitism, or alternately, that he was simply a puppet in the service of his wife's more powerful friends. And all these accusations pointed toward *Raíces*, the Mennonite church that Walde, Nicanor, and First Lady attended.

Since Nicanor's appointment of Bergen, Walde, and Neufeld, an awareness of the political value of Mennonite religious identity grew among some enterprising politicians, and *Raíces*, had seen a dramatic increase in attendance during that time. *Raíces* was a Spanish-speaking Mennonite church in Asunción, established by a group of evangelically minded Mennonite Brethren to attract middle class Paraguayans to the church. And the newfound openness of the church did just that. Individuals seeking faith and those seeking opportunity entered the church in growing numbers.¹⁵ This is perhaps not surprising, given that the acquisition of scarce cultural and symbolic capital inevitably involves mechanisms of access and control (Bourdieu and Passeron 1977). But the source of the social and symbolic capital attributed to the Mennonite technocrats came from church membership, and a church in the throes of evangelic expansion, as *Raíces* was, lacked the gate-keeping mechanisms that sustain such social and symbolic capital for its members.

Recalling the increasing attendance at *Raíces* after Nicanor's election, one Mennonite pastor described in an interview,

Suddenly all at once, everything inside the church was red [the color of the Colorado Party]. Everyone wanted access to the President's power. With this in

¹⁵ Walde led a weekly conventicle that included with the vice-president and various ministry personnel from his home, of which several members joined the church.

mind, some entered the church in hopes that later they would receive positions or have access to power [...] After the service, Nicanor was surrounded with people asking this or that favor and this or that order (interview 8/15/09).

The pressures from the new attendees quickly turned to infighting in the congregation. After the President snubbed their requests for political favors, several of these disgruntled neophytes attempted to expel the President and First Lady from the *Raíces* congregation. “The Minister of Women’s Affairs got so upset when Nicanor was not able to install her as senator,” another pastor recalled. “She became his cruel enemy, even in church. That was the reason we had to intervene in *Raíces* six months ago: the group that had come searching for benefits thought that Gloria and Nicanor shouldn’t attend the church anymore” (interview 5/28/10). Nicanor and Gloria Duarte survived the infighting within the church, and the church leadership made efforts to remove those in attendance whose motives they felt were insincere. But the outsider status that made the anti-corruption bid so credible to begin with was turned on its head, and the church’s excitement for such a visible outreach to “worldly” politics was over.

CONCLUSION

As I have argued above, the need to legitimate reform through moral appeals is a response to the weakening of Latin American presidentialism. Unlike Latin America’s macroeconomic reforms of the 1980s, where authoritarian regimes could implement their programs with little concern for public opinion, the so-called “second-generation” reforms of state institutions encountered a number of veto players, and consequently required the crafting of consensus and the setting up of channels for consultation and negotiation (Tsebelis 2002). Nicanor Duarte Frutos, like a number of other second-

generation reformers, sought to overcome these obstacles through a mix of technocracy and populist moral appeals.

Why did Nicanor's strategy run aground? Nicanor had to contend with the conditions of minority presidentialism and vested interests within the government, but these factors do not exhaust explanation of the reforms' failure. They instead point to the importance of a third factor: Without firm support from traditional elites, who considered his reforms a threat to their survival, his support remained precarious and dependent on the public perception of his administration and its policy. And it was the public perception of the reformers and their reforms—as it was with other administrations undergoing second-generation reforms—that had considerable influence on the reforms' outcome (Panizza and Philip 2005).

That Nicanor needed competent experts, especially early in his term, seems clear—without them, it is doubtful he could have met the *ex ante* conditionalities required to receive much needed loans. His choice to recruit technocrats from the Mennonite Brethren ranks, however, appealed to another need: a public demand for competent experts with moral strength and asceticism to guarantee their autonomy. Indeed, the relative success of an anti-establishment appeal such as Nicanor's depends on his ability to convince potential supporters that his administration stands in opposition to, and is not part of, the entrenched power structure. Recruiting members from the Mennonite Brethren, a religious group that traditionally rejected politics, may be seen as an unorthodox and enterprising way of conveying this message.

Here we encounter an inherent contradiction in Nicanor's strategy, a tension between Mennonite autonomy, technocratic autonomy, and symbolic capital thought to connect

them. It was Nicanor's hope that the autonomy of the Mennonite Brethren congregation would foster the public impression that several of its adherents would pursue reforms without regard for political concerns. But the Mennonite Brethren technocrats refused to take part in the very political game in which their identity was used. Seeing their work as purely technical, they abstained from political battles that would promote their reforms, but in doing so, they remained dependent on Nicanor exclusively for political support. Precisely when technocrats needed to become more political because the executive was less capable of insulating them from political attacks, the Mennonite Brethren became less political. In this sense, it matters little if the accusations of Mennonite corruption were valid or fabricated: in their refusal of political conflict, they ceded the means by which to attack opponents and defend themselves.

This point is best illustrated by returning to the theories of Gorski and Gawthrop mentioned above. In their argument, alliances between reforming absolutist rulers and ascetic Protestants were crucial to the formation of technical bureaucracy. Having no source of support other than a reformist king, these non-elite Protestant bureaucrats enacted rationalizing political reforms that "disciplined" the Prussian state as a political crusade, thus developing an autonomous state administration insulated from the interests of prebendary elites. But developing administrative autonomy without executive dominance is a far more precarious process, and depends on a broader segment of political actors battling entrenched elites while building public support and trust when there often little to begin with (Centeno 1993; Domínguez 1997). If substantive state reform is to succeed, the irreducibly political aspect of reform must be confronted by technocrats who combine the professional expertise of technocrats with the politician's

experience, contacts, and strategic use of political symbols (cf. Domínguez 1997; Centeno 1994).

Protestants are playing increasingly visible roles in the politics of Peru, Guatemala, and Brazil, but linkages between ascetic religious groups and state reform have not proven particularly durable. Though Fujimori marshaled evangelical support to establish his party and take power, he quickly pushed these groups aside after winning the 1990 election. While there are more differences than similarities between Nicanor's relationship to Mennonite Brethren than Fujimori's relationship to Peru's evangelical coalitions, both cases confirm Weber's axiom that the tension between Christian "nonresistance to evil" and the pragmatism of the state inevitably results in either religious withdrawal or a passive accommodation to the state. With the increasing role of Protestantism in Latin American politics, the weakness of a toothless piety should only become more visible.

Despite its unfavorable coupling with state reform in the Nicanor administration, religious piety continues to play an important and complicated role in Paraguayan politics. Fernando Lugo, a Catholic priest, emerged from the protests against Nicanor Duarte to win the 2008 Presidential elections. Arnoldo Wiens, the Mennonite Brethren pastor whose religiously tinged critiques of government corruption proved influential before Nicanor's election, entered the 2012 primary to be the Colorado Party's candidate for President. It is likely that politicians in Paraguay will continue to use religious identity to improve the low public trust in government institutions. But as long as religion is used to justify the inviolability of individuals, it will form a weak basis for political action.

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