

**THE CHANGE IN PERCEPTIONS OF CORRUPTION IN THE POST CIVIL WAR  
PERIOD IN COSTA RICA, 1948-1950**

by

Roberto Arguedas

(Under Direction of Reinaldo Román)

**Abstract**

The Civil War of 1948 brought sweeping social and political changes to Costa Rica, and transformed the uses and nature of public accusations of corruption. Prior to the war, corruption allegations were personalist affairs that suited traditional oligarchical patronage practices. Afterwards, the discourse surrounding corruption shifted. This transition can be examined in the coverage of *La Nación*, a newspaper founded in 1946 to propagandize on behalf of the National Liberation Movement that became the dominant political party in Costa Rica following its victory in the Civil War of 1948. During this time, *La Nación* evolved from favorable, neutral-seeming coverage of one set of potentially corrupt acts in the early postwar period, to sharply critical accusations of dishonesty and corruption around the nationalization of banks that was the culmination of the new government's reforms. This change offers a model of the cyclical, opportunistic corruption discourse in Costa Rican politics that would follow in the nascent Second Republic.

**Index words:** Costa Rica, modern Latin America, Corruption, newspaper, Costa Rican Civil War of 1948, Tribunals of Probitry, Bank Nationalization.

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## Introduction

The Revolution or Civil War of 1948 brought sweeping social and political changes to Costa Rica, transforming the uses and content of public accusations of corruption. Over the course of approximately 40 days, three factions would kill over two thousand people, and wound thousands more, in the most violent conflict this country of less than a million people had seen since the nineteenth century. Before the revolution, corruption allegations were primarily a reflection of disagreements between powerful individuals, but generally always with a nod to the acceptability of traditional oligarchical patronage practices. After 1948, the discourse surrounding corruption changed. Opponents charged that the institutions of the new republic were wellsprings of dishonesty tied to nascent socialism. We can examine this transition in the coverage of *La Nación*, a newspaper founded in 1946 to propagandize on behalf of the National Liberation Movement. As a result of this period under examination, *La Nación*, became a leading voice against the very government it once supported, and would in the coming decade rise to be the most prominent periodical in the country, a position it still holds today. As a result, coverage in *La Nación* serves as a useful indicator for the tenor of discussion around corruption from 1948-1950, which in this case will be anchored around the Tribunals of Probity and Immediate Sanction, and the later nationalization of the bank system.

With the triumph of National Liberation, *La Nación* minimally covered the Tribunals of Probity of 1948, which sought to penalize war criminals and nationalize the ill-gotten assets of corrupt actors. The Tribunals also allowed the new government to target its enemies and seize their assets, distributing them to its own supporters through secretive trials, as if they were

routine government processes. The shift in rhetoric was very pronounced, as the ruling Junta considered a series of sweeping reforms. For *La Nación* and much of the established agricultural oligarchy, the proposal to fully nationalize banking in the country was the most controversial. By the end of 1949, *La Nación*'s coverage of the government's sweeping economic reforms had grown sharply critical, culminating in an explosion of accusations against the individuals and institutions involved in the nationalization of banks, a policy that critics portrayed as planting the seeds of future corruption.

In the pages of *La Nación*, the ascendant National Liberation movement began as one that could take potentially corrupt actions in the Tribunals and be hailed as a paragon of "independent justice[...]resting on the shoulders of honest and intelligent men,"<sup>1</sup>. By the time that bank nationalization was formalized as a proposal and handed to the incoming government, *La Nación* was on the offensive, attacking National Liberation as a party that had regressed to the corrupt ways of the government it had overthrown. The difference in the levels of public oversight and transparency between the shadowy Tribunals and the open, carefully negotiated bank nationalization were stark, yet carried the opposite implications for each process in the pages of *La Nación*.<sup>2</sup>

This shift in *La Nación*'s relationship to the postwar government reflects the inherently opportunistic nature of corruption accusations in Costa Rican political discourse, a pattern set in this period. National Liberation would remain the dominant political party for the following three decades and was consequently the party most responsible for shaping the modern Costa Rican state as a successful social welfare state, but that shadow of the corruption accusations that arose from the newspaper that was created to defend the party never left the origin story of the Second

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<sup>1</sup> "(News) JUSTICIA INDEPENDIENTE POR INAMOVIBLE Y BIEN REMUNERADA."

<sup>2</sup> "(Editorial) Plegamos La Bandera."

Republic. As of a 2019 survey of Costa Rican perceptions of corruption, it was ranked consistently as one of the top three problems facing the country, and more than half of Costa Ricans felt the government was failing to combat it effectively.<sup>3</sup> in July of 2023, one of the entities charged with investigating corruption in the country indicted former president Luis Guillermo Solís (2014-2018) on charges of corruption for allegedly orchestrating a scheme to falsify the accounts of a state-owned bank to create an illusion of financial stability, making clear not only the ongoing predominance of the topic but also a very specific type of state-bank-related accusations integral to the foundation of the second Republic, which I will examine here.<sup>4</sup>

*La Nación* was a vital component in National Liberation's ability to shape the narrative in the build-up to the war and its aftermath. For each of the three main stages of this paper, which detail the buildup to the war, the postwar period, and the end of the Junta eighteen months later, I will provide textual analysis and examples of *La Nación's* evolution in its arguments around corruption and related discussions of National Liberation and the Junta. The purpose of this is to establish how very similar circumstances were portrayed as corrupt or not. That choice depended on what the newspaper, and the shifting groups of people whose arguments it amplified, found useful, rather than on any significant difference in the facts of the major issues.

I will cover the essential aspects of the historical context of the period from 1948 to 1950 and use archival research from *La Nación* to establish the shift in rhetoric across the key inflection points of the Tribunals and bank nationalization as a model for corruption discourse in subsequent political cycles in Costa Rica. Where the story of the Civil War of 1948 and the immediate postwar period is one that historians often tell in terms of extraordinary personalities, their successes and failures, and a sepia-toned elevation of whatever elements conform to a

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<sup>3</sup> Ministerio de Comunicación, "Integrity and Anticorruption: Costa Rica Action Plan 2019-2022."

<sup>4</sup> "Costa Rica Charges Former President Solís with Corruption."

contemporary audience's political tastes, this paper will focus on the negotiation of corruption definitions between a government and its initially most supportive public chronicle.

## Chapter 1: *El '48* and the aftermath

To establish the stakes of the subsequent government policies and responses, this paper will provide a broad overview of the period leading up to the Civil War/Revolution of 1948, the war itself, and the following years. Elected in 1940, Rafael Angel Calderón Guardia, the personalist leader of the Republican party, represented the first of a new generation of leaders that managed to reach the presidency, simply labeled at the time as *hombres de cuarenta* (40-year-old men).<sup>5</sup> This was held in contrast to the *generación del '89* (the generation of 1889), a group of internationally educated men of the coffee oligarchy, who laid the groundwork for public education and the beginnings of democratic practices in the country. By the 1930s, the public and private consensus appeared to be that they had insufficient answers for the challenges facing the country, as the experience of that disastrous decade in Costa Rica appeared to support.<sup>6</sup> Consequently, Calderón Guardia's generation was defined by taking seriously the effects of the Great Depression period on working-class Costa Ricans, and they tailored their political messages accordingly.

### **Addressing the challenges of the post-Depression world**

As a student of successful responses to the Depression in other countries, Calderón Guardia came into office with a more distinctly socialist and land reform-focused agenda than any of his predecessors, who had dabbled in Keynesian responses without directly attacking the primary challenges facing Costa Rica. By 1940, a booming population sharpened the effects of widespread poverty, unemployment, and a lack of housing, to the point where elites across the political spectrum were deeply concerned about the stability of the country.<sup>7</sup> From 1927 to 1950,

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<sup>5</sup> Díaz Arias, *Reforma sin alianza, discursos transformados, interés electoral, triunfos dudosos*, 6.

<sup>6</sup> Bell, *Crisis in Costa Rica*, 7.

<sup>7</sup> Bell, 21–27.

the population nearly doubled to about 800,000 people, and remained mostly (69%-76%) concentrated in lower wage rural environments through much of that time.<sup>8</sup> Where previous economic crises had affected the holders of capital and land in specific sectors, the Great Depression of the 1930s and its compounding events, such as the Panama sickness in the banana crops, made 1932 the nadir for the economy across all sectors.<sup>9</sup> By 1942, when visiting American scholar Lester Child conducted a qualitative analysis of Costa Rican public opinion, he found that across social classes, inflation and its effects served as the primary lens by which Costa Ricans analyzed domestic and international politics, suggesting that the country was far from recovery.<sup>10</sup>

This left the working-class majority of Costa Ricans deeply immiserated, and under-employed, but still with multiple political outlets, and while some degree of political violence was present, there was not yet a threat of open warfare or revolt, per the estimations of observers at the time.<sup>11</sup> While a variety of Republican/Calderón policies were effective in the near and long term, particularly land reform efforts, rural electrification, the foundation of social security and national health service, the foundation of the University of Costa Rica, and the implementation of a comprehensive labor code, average Costa Ricans were still not seeing enough improvements in their daily lives. This left a lot of room for more aggressive organizations to rally the public.

As the first to move aggressively on these issues in the 1930s, the Costa Rican Communist Party, known as the Popular Vanguard, had great success organizing rural workers and providing pathways to literacy and activism for workers, especially those who had been brought in by the United Fruit Company to work in its Caribbean plantations. That same success

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<sup>8</sup> León Sáenz, *Historia económica de Costa Rica en el siglo XX Tomo II: La Economía Rural*, 131.

<sup>9</sup> León Sáenz, 196.

<sup>10</sup> Child, "The Background of Public Opinion in Costa Rica," 244–46.

<sup>11</sup> Bell, *Crisis in Costa Rica*, 26–27.

meant that Central Valley elites and the middle class largely regarded the Popular Vanguard as a manifestation of foreign subversion in Costa Rican politics.<sup>12</sup> Because there were communist revolts in other Latin American countries at the time, such as the 1932 Farabundo Martí uprising in El Salvador, that perception is hardly surprising. However, subsequent studies of Popular Vanguard's origin and leadership point to revolts such as El Salvador's as catalyzing events for a largely organic, nationally contained Costa Rican communist movement, rather than the party functioning as an instrument of an international conspiracy.<sup>13</sup> Subsequent research using Comintern files available after the fall of the Soviet Union show that the personal preferences of the Costa Rican communist leadership, most notably Manuel Mora, in combination with a measured Costa Rican government response to Communist-affiliated criminal acts in the 1930s, resulted in a 1940s Popular Vanguard that functioned as a well-integrated, fundamentally domestically-led part of Costa Rican politics.<sup>14</sup> The combination of racism, xenophobia, and class disdain, alongside the collapse of United Fruit on the Caribbean coast and subsequent disruptions of the banana industry during World War II, added to the air of Communist alienation and left the West Indian expatriates in the plantations and adjacent industries, who were expressly not treated as citizens in this period, in a uniquely vulnerable position.<sup>15</sup>

Calderón Guardia proposed a sweeping set of reforms upon assuming office, ranging from the establishment of Social Security to comprehensive land reform, and was elected as a moderate, elite-approved alternative to the ever-present threat of foreign-infllected

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<sup>12</sup> Palmer, *Launching Global Health*, 36–41. This goes back to the turn of the century embrace by Costa Rican elites of a national health program oriented around hookworm treatment, in cooperation with the Rockefeller Foundation. Leaders like Cleto González Viquez (first elected in 1906), explicitly had purity of the Costa Rican “race” and eugenics behind what he called “auto-immigration”.

<sup>13</sup> Díaz Arias, *Reforma sin alianza, discursos transformados, interés electoral, triunfos dudosos*, 7–9.

<sup>14</sup> Cerdas, “Contribucion al Estudio Del Partido Comunista de Costa Rica y La Internacional Comunista,” 233-238

<sup>15</sup> Purcell, *Banana Fallout*, 43–46.

Communism.<sup>16</sup> Even Calderón Guardia's successful merger of interests with anti-poverty initiatives spearheaded by the Catholic Church proved controversial. In 1942, a would-be rector of the new University of Costa Rica, Roberto Brenes Mesén, spurned by Calderón Guardia in favor of someone with closer ties to the president, was excoriating him as an anti-democratic "instrument of the church who was working towards totalitarianism," and finding an eager audience for those claims in his growing conservative and middle class opposition.<sup>17</sup> With the expropriations of German-owned properties, Brenes Mesén led the criticisms of the administration as corrupt in the redistribution of the captured properties among cronies, in the pages of the newspaper *La Tribuna*, even going so far as to claim that these pecuniary interests were what prompted the declaration of war in the first place.<sup>18</sup> By 1943, the actual implementation of these policies had alienated many elites, and Calderón Guardia was forced to turn to a coalition with the Popular Vanguard party in order to pass legislation.

#### **Four flavors of criticism**

There were four main directions that criticism of the government took. The first were general claims of corruption and graft for the purposes of self-enrichment from groups that primarily were outside of government.<sup>19</sup> These attacks were especially effective given the newly expanded scope and budgets of government during the Calderón presidency, and the smaller examples of proven criminality provided ample fodder for broader claims of conspiracy.<sup>20</sup> The second major category consisted of claims made about real and imagined electoral corruption, specifically, which deserve special mention here because of the primacy they will bear in events

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<sup>16</sup> Bell, *Crisis in Costa Rica*, 29–31.

<sup>17</sup> Arias, *Crisis social y memorias en lucha*, 132–34.

<sup>18</sup> Arias, 135–36.

<sup>19</sup> Sánchez, *Partidos políticos, elecciones y lealtades partidarias en Costa Rica*, 65–67.

<sup>20</sup> Bell, *Crisis in Costa Rica*, 65–68.

that follow.<sup>21</sup> The third were allegations of Communist sympathies and infiltration, bolstered by the alliance between the National Republicans and the Popular Vanguard; in practice, Calderón's steady co-option of the most popular Communist proposals proved effective in reducing and containing the popularity of the movement. Nevertheless, the claims his opponents made of international conspiracies echoed similar red scares in other countries.<sup>22</sup> In addition, some of the public relations choices by the Popular Vanguard party itself, in its efforts to keep a clear demarcation between itself and Calderón's Republicans, made for very successful attacks.<sup>23</sup> The fourth category were attacks on the personal character and honesty of the individuals at the head of the Republican party, and the counter-claims made by Calderón and his allies about previous administrations and current opponents.<sup>24</sup>

#### **Post-Communist alliance Calderónismo**

The Republican party worked in coalition with the Popular Vanguard in the legislature and for electoral purposes, while trying to spotlight that communists were never directly appointed to any government positions or otherwise empowered, but instead were merely seeing their most popular proposals adopted and removed from their imprint.<sup>25</sup> It made no difference to his conservative political opponents, who tarred Calderón Guardia with the brush of Communism regardless.<sup>26</sup> Among those opponents was José María Figueres Ferrer, who entered the Costa Rican political scene in 1942 with a stinging radio address critical of Calderón's

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<sup>21</sup> Lehoucq, "Class Conflict, Political Crisis and the Breakdown of Democratic Practices in Costa Rica: Reassessing the Origins of the 1948 Civil War," 42–43.

<sup>22</sup> Díaz Arias, *Reforma sin alianza, discursos transformados, interés electoral, triunfos dudosos*, 19–21. One example would be the Popular Vanguard marching with conservative critics of the Calderón administration in 1943, protesting electoral reform proposals and adding credibility to the claims of the opposition.

<sup>23</sup> Bell, *Crisis in Costa Rica*, 56–57. One later example of such a choice would be the Popular Vanguard publishing a letter in 1947 pledging their adherence to the Comintern and attacking the United States as an imperialist aggressor.

<sup>24</sup> Child, "The Background of Public Opinion in Costa Rica," 48–50.

<sup>25</sup> Díaz Arias, *Reforma sin alianza, discursos transformados, interés electoral, triunfos dudosos*, 19–20.

<sup>26</sup> Díaz Arias, 21–24.

communist ties as well as a number of personal attacks. This resulted in Figueres Ferrer being pressured into “voluntary” exile within a few days, for the remainder of Calderón Guardia’s time in office, demonstrating the limits of tolerance for criticism of the ruling party and its leader.<sup>27</sup> This exile also created a recent precedent for exile as a means of addressing troublesome elements in Costa Rican politics, outside of the outright military dictatorships who had last employed it, which proved useful to Figueres Ferrer in the coming years. More importantly in the near term, it put Figueres Ferrer in a position to build his end of a transnational revolutionary alliance centered in the then-democratic governments of Cuba and Guatemala, first in a deal with Nicaraguan exiles signed in 1943 in Guatemala, and then in the so-called Caribbean Pact of 1947 in Mexico.<sup>28</sup>

The charge of Communist domination and sympathies was never far from the conversation when it came to critics and opponents of Calderón Guardia, and both were magnified when Costa Rican establishment conservatives reorganized into superficially “scientific and apolitical” groups, such as Rodrigo Facio’s Center for the Study of Social Problems. These groups would exist in this form until Figueres Ferrer’s return to the country in 1945 which triggered a formal merger between the Center and the Democratic Action Party, and direct entry of that unified party, into Costa Rican politics as a political party under Figueres

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<sup>27</sup> Bell, *Crisis in Costa Rica*, 37.

<sup>28</sup> Gleijeses, “Juan Jose Arevalo and the Caribbean Legion,” 138–42. The Caribbean Pact is notable for having Guatemalan President Arevalo at its center, who was coming off the heels of a failed attempt to depose the Dominican Republic’s dictator, Trujillo, in a stalled Cuban-assisted invasion in 1947. After being introduced to Arevalo in 1947, it was the doubly-false claim of total Communist subversion and dictatorial rule in the Picado government (Calderón’s heir) in Costa Rica. This was in combination with the weakness of Costa Rica’s armed forces and Figueres Ferrer’s promise to provide a base for an invasion of Nicaragua to overthrow the Somoza dictatorship, which ultimately won Figueres Ferrer the core of supplies and skilled foreign, primarily Nicaraguan, military leadership for what would become, amid the claims of electoral fraud in 1948, the Army of National Liberation. Thus, it’s clear that there were other, more-than-influential models for anti-Communist socialist-reformist political leaders in Central America. What would ultimately distinguish National Liberation was not its policies but its ability to convince the US government of its unimpeachable anti-Communist credentials.

Ferrer's leadership.<sup>29</sup> In the eyes of observers at the time (and supported broadly by academic studies conducted since then),<sup>30</sup> this faction could be described ideologically as Calderón Guardia's reforms, without Calderón Guardia himself or tolerance for Communists.<sup>31</sup> It was not until the 1944 election and its aftermath that matters would shift to center corruption in the national discussion, as we will see shortly.

### **Electoral fraud emerges as the central issue**

To avoid any appearance that Calderón Guardia would attempt to stay in power in defiance of post-19<sup>th</sup> century one-term precedents, the Republican party selected Teodoro Picado as the nominee for the upcoming 1944 election two years prior. Unfortunately for his legitimacy as a candidate, there was some evidence and a lot of public outrage over electoral interference from the Republicans and Communists alike, although subsequent analyses of the election have concluded that the small number of questionable polling stations had no significant effect on the outcome.<sup>32</sup> In addition, studies have underlined the transition to a secret ballot from 1925-1927 as one that undermined the ability of political parties, especially in rural, patronage-driven areas, to guarantee results and set expectations.<sup>33</sup> That systemic shift prompted both a move to more extreme acts of fraud, such as outright voter intimidation, illegal monitoring, and ballot theft, in close elections and an environment where even unsubstantiated claims of fraud could thrive on the novel uncertainty in elections.<sup>34</sup>

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<sup>29</sup> Sánchez, *Partidos políticos, elecciones y lealtades partidarias en Costa Rica*, 66–67.

<sup>30</sup> Bell, *Crisis in Costa Rica*, 33–34.

<sup>31</sup> Child, "The Background of Public Opinion in Costa Rica," 248–50.

<sup>32</sup> Lehoucq and Molina, *Stuffing the Ballot Box*, 192–94.

<sup>33</sup> Lehoucq and Molina, 152–58.

<sup>34</sup> Lehoucq and Molina, 190–93.

Picado's victory in the 1944 presidential election and, importantly, the success of the National Republican Party and Popular Vanguard in the 1946 legislative elections, occurred under a cloud of suspicion, with street violence and a number of deaths in clashes between supporters of the primary challenger, the conservative (and former president) Leon Cortés Castro, and supporters of Calderón Guardia, Picado, and the Popular Vanguard Communist party.<sup>35</sup> The losing parties relied on claims of fraud in the Central Valley to stir their political bases, just as these same leaders had found kindling for their grievances in the rise of rural Communist movements in the 1930s. This was the first time that outside investigations found evidence of such fraud in the Central Valley, whose more educated and better-off population typically regarded itself as above the rural disorder that permitted such improprieties.<sup>36</sup> The opposing candidate in the election, Cortés Castro, and the president-elect worked to defuse the situation without consideration of their previous stances to each other's legitimacy, which had been acrimonious, and were successful in averting large-scale violence as a response.<sup>37</sup> Figueres Ferrer and his Democratic Action Party were not interested in those accommodations, and along with many in the conservative parties, continued to foment mistrust in the results of the election, but for the moment Cortés Castro's cooperation was sufficient to avert a larger crisis.

Picado, deeply concerned by that half-accurate perception of the 1944 presidential election as one that was corruptly decided, would spend the majority of the political capital of his presidency working to reform electoral processes in the country, including the implementation of

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<sup>35</sup> Bell, *Crisis in Costa Rica*, 111–12 Reflecting the centrality of the leader in deciding the tone of the party, Cortés Castro's term in office (1936-1940) was also at the head of the National Republican party, except that in stark contrast to Calderón Guardia's tenure at the head of the party and presidency, it was a deeply conservative administration whose policies worked to substitute rhetoric about a return to traditional Costa Rican values. It is fair to say that party associations were consistently a secondary consideration to the state of personal alliances and grievance.

<sup>36</sup> Lehoucq and Molina, *Stuffing the Ballot Box*, 188.

<sup>37</sup> Lehoucq and Molina, 212–14.

a sweeping electoral code that was widely recognized as a big step forward in transparency and procedural integrity.<sup>38</sup> This resulted in a surge of personal credibility for Picado, but the polarization around issues of electoral corruption continued to grow the more the headlines centered the topic, as Costa Rican and American Embassy observers alike recognized.<sup>39</sup> To put this matter in perspective, it is important to understand that the percentage of the population that voted in elections, up until the 1944 election, only rarely approached or exceeded 15 percent since the turn of the century; in 1944, it surged up to over 18 percent but plummeted in 1948 to slightly over 13 percent, before rising to a new baseline of nearly 23 percent in 1953, helped greatly by the expansion of the franchise to women in 1949 by Figueres Ferrer's *Junta*.<sup>40</sup> While there is no good data for electoral participation within the number of eligible voters prior to 1953, in that year we see nearly 33 percent non-participation by enrolled voters.<sup>41</sup> So while many people were indeed concerned about the electoral integrity, the number of people who actually voted, as gated by literacy and other largely class-based factors, was low compared to the total potentially eligible population; the prominence of the issue can be explained, then, by the large share of eligible voters who might have perceived themselves as affected by any claims of fraud. The precipitous drop in 1948 participation, then, can be read as being shaped by negative perceptions about the election's validity and reliability.

For that 1948 election, Calderón Guardia put himself on the National Republican ticket again, in competition with Otilio Ulate as the Social Democratic candidate. Because of the changes in political alignments since his last presidency, he more directly allied himself with reformist groups (centered around land redistribution and democratic enfranchisement) led by

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<sup>38</sup> Lehoucq and Molina, 201–13.

<sup>39</sup> Lehoucq and Molina, 214–20.

<sup>40</sup> Sánchez, *Partidos políticos, elecciones y lealtades partidarias en Costa Rica*, 311–12.

<sup>41</sup> Sánchez, 67.

the Communist party. This was easy fodder for his opponents to claim international Communist subversion of the National Republicans and Calderón Guardia, although as noted earlier, there was never any real evidence to that support that claim for the Popular Vanguard, and even less so for its allies. While it is clear thanks to subsequent research that the actual voting process and count had more than sufficient integrity for a fair election, the conclusion of the election was nevertheless through an overt manipulation of the then-nascent Supreme Tribunal of Elections, an unanticipated flaw in the new system. This fraudulent act created an electoral crisis that made irrelevant the results of the ballot box, and Calderón's allies, along with the so-called *mariachis*, or peasant militias, of the Communist party, mobilized against the new Ulate administration.

#### **Another contender enters the fray**

On March 10, 1948, José María Figueres Ferrer, at the head of the U.S.-equipped army of National Liberation, initiated his armed campaign and swept through both sets of opponents in short and bloody battles.<sup>42</sup> The opposition to Calderón Guardia was further bolstered after the United States threatened invasion in response to his overt military alliance with the Communist Party. Separately, the Truman administration further strengthened Figueres Ferrer's hand when it cut off aid to the incumbent conservative government and shifted it to National Liberation instead. At the same time, the US leaned on neighboring countries like Nicaragua to ensure that they would stop cooperating with either Calderón Guardia or Ulate.<sup>43</sup> That left National Liberation in a position where they were able to negotiate a peace, after two months of civil war, directly with the Ulate administration, completely excluding the *Caldero-Comunistas* from the

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<sup>42</sup> Bell, *Crisis in Costa Rica*, 135–37.

<sup>43</sup> Longley, "Resistance and Accommodation: The United States and the Nationalism of José Figueres, 1953–1957," 5–6.

talks. Calderón Guardia and his allies would be exiled as a result, and they agreed to depart peaceably.

It is worth underlining that while there were some modest ideological differences between the Republican Party and Figueres Ferrer's victorious National Liberation movement, the key differences were personal and in terms of the perception of Communist cooperation. Figueres Ferrer was himself a graduate of the Massachusetts Institute of Technology, and his top allies included other similarly-educated men who had worked for companies like United Fruit or had other significant connections to the U.S.<sup>44</sup> Thus, while a significant part of Figueres Ferrer's domestic popularity was seated in pledging not to undo any reforms of the previous administrations, they understood clearly how to repackage them as bolsters against communism for an international audience.<sup>45</sup>

As part of the peace agreement, Figueres Ferrer ultimately ruled via military junta for fourteen months before turning over the government to Ulate as the elected leader. The Junta period began by putting into law the previous sensitivity to Communist perception through the ban and dissolution of the Popular Vanguard as a political party in June 1943,<sup>46</sup> and ultimately closed with an action antagonistic to both conservatives and the United States, in the nationalization of banks. That arc reflects the dual nature of the Junta, which both provided the newly declared second Republic with a clean break from the past and gave Figueres and National Liberation an arms-length relationship to the most significant changes: radicalism without the

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<sup>44</sup> Longley, 7.

<sup>45</sup> Longley, 8–9.

<sup>46</sup> Longley, 6.

*perception* of radicalism. Thus followed the precipitous decline in the Junta's popularity with influential Costa Ricans.

Then, in accordance with the peace agreement, the Otilio Ulate assumed the presidency on November 8, 1949, and found itself obligated by those same peace terms to implement some of the most controversial *Junta* proposals, most notably that of bank nationalization. This approach spread the responsibility for many of the foundational actions and institutions of the Second Republic, providing Figueres Ferrer with the ability to take credit for them when useful and spread blame when convenient.<sup>47</sup> When he subsequently returned to power, after winning the election by a wide margin in 1953, Figueres Ferrer was in a strong position to continue borrowing from and building on the ideas of Calderón Guardia and his allies for a social welfare state, while substantially expanding the Junta period's labors. While he carried out those policies to stimulate domestic popularity, he continued his comprehensive public relations effort internationally, portraying them as a capitalism-defending counter to communism.<sup>48</sup>

The new state was built as an expansion of the foundations of social security, labor reform, and land reform that Calderón Guardia had put in place as president in the early 40s in response to Communist pressure. Figueres Ferrer successfully pitched this to the nation and to the United States as a bulwark against Communism and *Calderonismo* alike, amplifying the negative connotations of both, while successfully divorcing practical aspects of National Liberation-branded socialist reform from anything but loyalty to the U.S. and capitalism.

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<sup>47</sup> Bell, *Crisis in Costa Rica*, 30–31.

<sup>48</sup> Longley, *Sparrow and the Hawk*, 120.

### ***La Nación* is born, and initial media narratives, from Jan 1948-April 23, 1948**

Costa Rica had many daily, weekly, and monthly newspapers and gazettes leading up to 1948, and even in the turbulent political period of the 1930s and 1940s a preponderance of them were focused on cultural, literary, and matters outside of direct political discussion.<sup>49</sup> Many existed for short runs or came in and out of print over the decade. But the more durable newspapers, with wider circulation, were politically focused, typically attached to a particular individual or party. Otilio Ulate founded *La Tribuna* in 1920, with General José María Pinaud as his partner, and then split with him to acquire *El Diario* in 1935. *La Tribuna* would go on to become the foremost print advocate of *Calderonismo*, just as *El Diario* would represent the views of Ulate and other conservatives, and they were frequently in direct opposition to each other.<sup>50</sup> In 1946, Jorge Carballo formed a partnership with General Pinaud to found *La Nación*. *La Nación* was, from the outset, unapologetically arguing for the positions of the Center for the Study of Social Problems, now in its merged form with the Democratic Action party. That was the core political unit that would eventually become the National Liberation Movement and, eventually, the National Liberation Party, on the eve of the Civil War in 1948 and in the postwar period. Perhaps foreshadowing what would occur with the country broadly and National Liberation, the newspaper quickly became successful in terms of circulation and stature.<sup>51</sup> It ultimately outlasted most of its immediate competitors and evolved into the newspaper of record in the country, and, unlike its rivals, was the only one to retain a centralized, complete archive of its issues, which unfortunately precludes in-depth comparative work with other newspapers for a project of this scope.

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<sup>49</sup> Vega Jiménez, “Periodismo y Literatura En Costa Rica (1833-1950).,” 25–26.

<sup>50</sup> Gonzalez Valdes, “La Prensa de Costa Rica.” Section 3

<sup>51</sup> Gonzalez Valdes. Section 8

While it was initially published under pronouncements of seeking a neutral “greater good” on behalf of an unnamed group of businessmen, the popular perception was that it existed to represent the burgeoning National Liberation Movement in the public discourse.<sup>52</sup> With Figueres Ferrer’s victory in the war and its end on his terms, the paper published front-page elegiac poems to his excellence as a leader and the bright future of the country.<sup>53</sup> As in other headlines, the stylistic choice of the newspaper to have them in all capital letters for articles it deemed deserved that treatment is reflected in the citations in this paper, and this included articles in the body of the newspaper as well as the front page. We can observe several important elements that exist in the 1948 editions of *La Nación* based on a survey of the newspaper’s archive in the lead-up to the war and its aftermath. This is not an exhaustive listing but rather one of relevant elements to the evolving perspective on corrupt acts of *La Nación*.

First, while the frontpage headlines, the op-ed and letter pages, and advertisements contain strong, sometimes shockingly direct evidence of personal bias and perspective, most of the news sections of the paper maintain a stenographic approach to events, repeating government press releases or dryly recounting events, without additional context. When it came to crime reporting, the choice of story and the headlines were where the editorial work happened; the articles tended to read as an unremarkable recounting of events, but the headlines stridently chided the capital’s police for their failure to protect the city from marijuana smokers and “immoral” dances attended by young people.<sup>54</sup> An article linking together poor hygiene and

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<sup>52</sup> Urbina, (Former editor of *La Nación*, 2003-2010, journalist at *La Nación* 1988-2003), interviewed by the author, June 2018.

<sup>53</sup> “(Front Page) LA PRIMERA REPUBLICA FALLECIO EL 13 de FEBRERO de 1944. Desde Entonces Costa Rica Vivió Como País Ocupado. COSTA RICA RETORNA REFULGENTE EN BRAZOS DE SUS HEROES NACIONALES.”

<sup>54</sup> *La Nación*, “(News) La Dirección General de Policía Continúa Procediendo Sin Contemplaciones Contra Quienes Han Contribuido a La Desmoralización Capitalina.”

criminality as the primary targets for the administrator of the public markets is headlined in the manner of an imminent threat addressed as an emergency.<sup>55</sup> The language of the article itself is an uncritical recounting of a government administrator's perspective on his job and what he plans to do with it, with no points of view or external facts. As a result, while the initial impression of the news sections might be one of naïve stenography of events, deeper examination of the clusters of stories over time suggests that editorial preferences were being applied in substantial ways outside of the op/ed section. For example, something as simple as the choice of whom to quote uncritically and of whom to paraphrase, for example, seems innocuous at first blush, but as a pattern can establish an editorial line.

With that understanding, a second form of content also takes on new meaning, namely the reporting of foreign events. Just as the National Liberation Movement was rooted in anti-communism, the presence of communism in other countries was constantly under examination by *La Nación*. This led to dozens of articles with limited sourcing on, for example, the supposed rejection of communism by Peruvian labor unions, and how that presented a model for Costa Ricans.<sup>56</sup> Alternately, that same thread would be followed in how Peruvian anti-communist workers were being assailed on all sides by an international communist conspiracy.<sup>57</sup> This would evolve into specific claims about how National Liberation was working to fend off communism, once the movement was in power.

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<sup>55</sup> "(News)"El Elemento Maleante Como La Pésima Higiene, Cosas Ambas Que Han Convertido al Mercado En Establecimiento Repugnante, Serán Objeto de Mi Inmediata Atención"-El Administrador General de Mercados Don Juan R. Fernandez Se Refiere a Sus Proyectos de Mejoramiento de Sistemas En Los Mercados Municipales."

<sup>56</sup> "(News) De Lima Saldrá La Lucha Continental Contra El Comunismo Soviético."

<sup>57</sup> "(News) GRANDES FUERZAS Se MUEVEN Para BOICOTEAR La CONFERENCIA ANTICOMUNISTA DE LIMA."

Thirdly, the newspaper included increasingly vestigial but not yet obsolete communications between upper-class men, variously defending and attacking each other's honor around the various major political and personal issues of the day. These were unlike public denunciation cycles in other countries, such as the Dominican Republic under Rafael Trujillo's regime, as they were not complaints about landlords and upper class persons presented as a "last resort" by peasants, in order to draw the dictator's attention.<sup>58</sup> In many cases, there was no apparent remedy in store, but rather simply a public airing of grievances, rather like a wedding announcement or other social obligation. Thus, it was not uncommon to come across paid advertisements announcing the beginning or end of personal hostilities, such as the January 6, 1948 ad that declared that two well-known political and business figures, Fernando Castro Cervantes and Mario Echandi Jiménez, were transitioning their disagreement, which had previously exploded into physical violence, into private mediation by other worthy men, and firmly stated that no more would be said of the affair in the newspapers.<sup>59</sup> Aspects of that same feud would continue a week later, but this time with Castro Cervantes taking on his other detractors, in the form of a long guest editorial, giving us an example of a second approach to this sort of discourse.<sup>60</sup>

A few days later, in a separate matter, Arturo Quiros demanded that Alfredo Esquivel Carranza take back his accusations that the former provided funds corruptly to the National Republican party in a letter to the editor.<sup>61</sup> All three forms were reserved for men of high social status, and the topic of corruption was focused on specific pecuniary acts like embezzlement rather than influence-peddling or more subtle forms. While these practices would not fully disappear

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<sup>58</sup> Derby, *The Dictator's Seduction*, 153–56.

<sup>59</sup> "(Paid Advertisement) Sobre El Incidente Entre Los Señores Castro Cervantes y Echandi Jiménez."

<sup>60</sup> Castro Cervantes, "(Guest Op/Ed) Lo Que Debo Decir."

<sup>61</sup> Quiros, "(Letter) INTERPELACION A DON ALFREDO ESQUIVEL."

from the pages of *La Nación* and other newspapers for decades, as the second Republic became established in the Ulate and first Figueres Ferrer administrations, the posturing around physical duels and threats of that nature decreased in favor of sticking to insults and criticisms, as will follow in subsequent sections of this paper.

Fourth, the newspaper was reporting on lingering legal cases from the last administration that bore directly on eventual actions of the National Liberation movement in power. On January 10, 1948, the Costa Rican Supreme Court ruled against the current and preceding administration's efforts to expropriate a German-American citizen's property, under the aegis of cooperation with the United States and an Allied crackdown on residents and citizens of German, Japanese, and Italian descent. The Supreme Court ruled these Executive Decrees illegitimate and unconstitutional, in favor of one of the more (formerly) powerful and wealthy expropriated German-Costa Ricans, Ricardo Steinvoth. On this, and related matters, *La Nación* recounted the events and told the story in a manner favorable to the litigant in the headlines, and transparently reported the case that the Supreme Court was arguing against the State, on behalf of German-Costa Ricans.<sup>62</sup> To his contemporaries, his name was Richard in the pronunciation of a German immigrant, rather than Ricardo, and it seemed *La Nación* was doing its part to make him seem as Costa Rican as possible.<sup>63</sup>

### **Postwar *La Nación***

*La Nación* laid down a searing case in the buildup to the war as to the corruption of the current and previous administrations, expressed in no uncertain terms. The headlines stated the corrupt

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<sup>62</sup> "(News) Transcendental Pronunciamento de La Corte Suprema de Justicia Contra El Estado."

<sup>63</sup> "(News) Inaplicable El Decreto No. 19 Del Poder Ejecutivo y Nulas Las Ordenes o Notas de La Secretaria de Hacienda Sobre Adjudicar al Estado Una Finca de Don Ricardo Steinvoth."

acts as facts, without hesitation or legal artifice.<sup>64</sup> In addition, the headlines castigated any real or imagined effort to retain individuals designated as corrupt for their utility to the state's function, at first in the format of support for one part of the Junta over another.<sup>65</sup> In those efforts, we can see the indications of what later became full-blown attacks on the integrity and efficacy of the Junta and National Liberation, as well as Figueres Ferrer himself. To highlight that distinction, it is useful to contrast the treatment of a selection of major issues that appeared on the pages of *La Nación* in very different ways, depending on the paper's relationship to the government. To that end, I will focus primarily on the Tribunals of Probity that followed immediately after the war, which auctioned off the assets of exiled Republicans and their allies as the alleged fruits of corruption. I will then contrast this with the later coverage of the possibility and then the reality of bank nationalization at the end of the Junta's term.

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<sup>64</sup> "(News) El Gobierno Anterior Trató de Incautarse de Una Suma de 143.700.00 Que Estaba Depositada En El Departamento de Certificados Del Interior."

<sup>65</sup> "(News) En Las Secretarías de Estado y Otras Dependencias Oficiales Se Están Recibiendo Memoriales Pidiendo Que Se Mantenga En Sus Puestos a Funcionarios Del Régimen Anterior Que Actuaron Indebidamente."

## Chapter 2: The Tribunals of Probity and Immediate Sanction of 1948

The aspect of the immediate aftermath of the war that were most relevant for this paper was the Tribunals of Probity and Immediate Sanction, in which two linked series of postwar tribunals were created, ostensibly, to compensate the nation for damages incurred by corruption and violence. In addition, the tribunals served to punish the opponents of National Liberation, beyond what had been agreed to in the original peace treaty, especially the lower-tier partisans who remained in the country.<sup>66</sup> In order to understand the legal basis for these tribunals, it is useful to know the immediate antecedents as far as politically-guided expropriation. In 1941, the Calderón Guardia administration expropriated and deported hundreds of Costa Ricans of German, Italian, Japanese descent or origin to US internment camps as part of the country's declaration of war against the Axis powers, as in the case of Ricardo/Richard Steinvorth. Some of the richest and most powerful people in the country were caught up in the sweep.<sup>67</sup> This earlier process provided a model for what would follow in the 1948-49 tribunals.<sup>68</sup> Notably, by January of 1948, those Costa Ricans of German descent won a number of major appeals, almost entirely invalidating the government's previous seizure of their property for political goals in their cases.<sup>69</sup> *La Nación's* coverage of these cases provides a point of comparison for the alternating silence and extremely aggressive rhetoric on the topic of the Junta's own expropriations and summary trials after the war.

### *La Nación sets initial terms*

Amid a wave of triumphal postwar coverage of the bright future for the country, combined with the ongoing claims about systemic corruption in the Calderón-Picado administrations, we see

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<sup>66</sup> Quiros, *Los Tribunales de Probidad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*.

<sup>67</sup> Quiros, 41.

<sup>68</sup> "(News) Inaplicable El Decreto No. 19 Del Poder Ejecutivo y Nulas Las Ordenes o Notas de La Secretaria de Hacienda Sobre Adjudicar al Estado Una Finca de Don Ricardo Steinvorth."

<sup>69</sup> "(News) Transcendental Pronunciamiento de La Corte Suprema de Justicia Contra El Estado."

the first reference to a National Liberation act of potential self-dealing, in which one of the major banks in the country agreed to grant the army of National Liberation 100,000 colones in order to cover the remaining unpaid debts of the “glorious legions.”<sup>70</sup> The article praised National Liberation for finding a path to pay its debts, in contrast with the still deeply indebted communist and Calderón Guardia-affiliated armies. The article gave no space to the question of how these funds were secured, but it emphasized how the grant was supplemented by the generous gifts in goods by small rural farmers. By April 29, while no tribunals have yet been established, members of the opposition could see where things were headed. The first letter to the editor was from a businessman named Antonio Gazel Jaikel, presenting his specific denials of claims made by members of National Liberation as to his corrupt dealings with the previous administrations. He offered to present receipts as needed to support his case.<sup>71</sup> This was followed in short order by a number of similar statements from others leading up to the establishment of the tribunals, escalating in intensity, with examples like Víctor Manuel Brenes who sought to remind National Liberation directly of favors they had done for members of the party in the past.<sup>72</sup>

On May 6, 1948, *La Nación* presents the outline of the tribunals in its pages in a short series of articles that take the form of public information, free of any attached value judgments.<sup>73</sup> The headline focuses on recovering the “damages produced by the civil war,” and it’s only nested within the article, without further clarification, that one finds mention of “clarifying” undefined improper acts in previous administrations. Jorge Carballo self-identifies as the interviewer, and introduces his subject as a “distinguished individual” taking on the duty of coordinating the

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<sup>70</sup>“(News) El Banco De Crédito Agrícola de Cartago Facilitó Cien Mil Colones Para Los Gastos Del Ejército de Liberación Nacional.”

<sup>71</sup>“(Advertisement) Campo Ajeno: Declaración de Don Antonio Gazel.”

<sup>72</sup>“(Advertisement) Campo Pagado: Declaración de Don Victor Manuel Brenes.”

<sup>73</sup>“(News) ‘En Asocio de La Secretaría de Justicia, Se Procederá de Inmediato a Instalar Tribunales Especiales Encargados de Fijar Las Indemnizaciones Que Se Deben Cubrir Con Motivo de Los Daños Incurridos Por La Guerra Civil.’”

tribunals for the “honor of the New Republic. That same gentle touch is applied to a gushing interview that Carballo personally conducted with Figueres Ferrer, in the presidential residence the following day, where the current ruler of the country pledged to strike a “perfect” balance between the justice that needs to be meted out, to avoid the perception of impunity for corrupt actors in previous regimes, and a lawful process that avoided arbitrariness or personal vendettas.<sup>74</sup> On the next page, a news article presents the creation of the tribunals using the quotes from government representatives, while inserting additional assurances of both the real scale of the problem being addressed and the temperance and wisdom guiding the hands that would correct it.<sup>75</sup> On May 12, *La Nación* published the first list of targeted individuals and companies, with no byline, apparently simply reprinting a government press release under the heading of *Tribunal de Conciencia*. Carballo paired that list, with Calderón Guardia at its head, with an extensive editorial about the need to wage war against bureaucracy, defined as cracking down on corruption and using “whatever means necessary” to balance the country’s ledgers.<sup>76</sup>

That same pattern continued for the duration of the first stages of the tribunals. The next two lists for the Tribunals of Probity are announced and paired with articles railing against the crimes of the past administration, or asserting how the needs of the new Republic can be met with proper enforcement of justice against those crimes, along with the steady trickle of outside content published as ads or letters, where people protest their inclusion on those lists. By May 16, the sequence of protestations from indicted individuals continued, but the front pages were occupied with dramatic headlines about the scale and certainty of corruption in previous administrations,

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<sup>74</sup> “(Interview) Ni Impunidad Ni Sanciones Arbitrarias.”

<sup>75</sup> “(News) SE PROCEDERA A LA INMEDIATA CREACION DE TRIBUNALES ESPECIALES PARA EL JUZGAMIENTO DE ABUSOS COMETIDOS POR EL REGIMEN ANTERIOR.”

<sup>76</sup> “(News) Guerra al Burocratismo y CONGELADOS DESDE HOY LOS BIENES Y VALORES DE 115 CIUDADANOS Y FIRMAS COMERCIALES.”

and it is apparent the temperature has been turned up considerably on the issue.<sup>77</sup> It is clear from this trajectory that *La Nación* was looking to provide the context and rationale for the tribunals in the most favorable light possible, while downplaying or simply not reporting the results of the cases except insofar as to the overall contribution they were alleged to have made to the country's fiscal health. There is no mention of any complications that might arise from these procedures, or any correlation to the successful appeals of the Axis expropriations, and no one other than the accused was interested in who was benefiting from these cases.

### **The tribunals in action**

As part of the agreement that ended the Civil War, National Liberation agreed that in return for the exile from the country of the principals on the losing side, the winners would leave their property, families, and subordinates untouched.<sup>78</sup> The new postwar tribunals defied that stricture openly and directly. They applied the same logic that had guided the Axis expropriations in that the government straightforwardly claimed the properties and funds. The Tribunal process, dictated by the *Junta* in accordance with the preexisting precedent for these extraordinary proceedings, included provisions for the accused to defend themselves, but in many of the more significant cases, the defendants were already in exile. That often left the business partners, wives, and mothers of the accused to formulate a defense with no particular knowledge of the situations being alleged, which only some were successfully able to conduct.<sup>79</sup>

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<sup>77</sup> "(News) Monto de Imborrable Infamia Cubre Desde Hace Años a Todos Aquellos Malos Costarricenses Que Saquearon al Tesoro Público. Que Atropellaron a La Libertad y Dignidad de Los Ciudadanos, Flagelaron a Hombres Niños y Mujeres, Pusieron Sus Manos Monstruosas En El Santuario de La Urna Electoral, y Envilecieron Ante La Opinion Del Mundo El Nombre de Su Patria."

<sup>78</sup> Quiros, *Los Tribunales de Probidad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*, 35–36; Bell, *Crisis in Costa Rica*, 151–52.

<sup>79</sup> Quiros, *Los Tribunales de Probidad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*, 45–47.

Seized properties could become nationalized businesses or be attached to other institutions, such as in the conversion of Calderón Guardia's home into a professional college for women. Alternately, they could be auctioned off with extremely unclear parameters as to who was permitted to bid and how the prices were set. Both of these paths left significant opportunities for corruption in this part of the *Junta's* scramble to consolidate power, punish and weaken adversaries, reward existing allies, and buy new allies before handing off the government to Ulate per the peace treaty. While it is impossible to know its overall effect, it is likely that *La Nación's* extremely selective coverage helped to keep this significant part of the postwar settlement process outside of the discourse of corruption around the birth of the second republic. This stands in stark contrast to how the newspaper helped cement the place of bank nationalization in that same discourse due to its coverage of *Junta* actions when they were at odds with its ideological priorities.

#### **The Tribunals as a corrupt anti-corruption strategy**

The tribunals, which worked plainly against the letter and the spirit of the peace agreement by creating an ex post facto rationale for further punishing the opposition, brought into sharp relief the dual nature of corruption in the modern Costa Rican state. On the one hand, it is easy to discern the straightforward abuse of power for self-enrichment and the construction of a political machine with all the drawbacks associated with long-term legitimacy and the stability of institutions. On the other hand, Costa Rica was able to leave behind an intensely violent civil war with all the principal actors appeased sufficiently to avoid further organized, large-scale violence. Popular perceptions of the war and of its associated corruption are difficult to measure. Even so, the war provides a baseline for the efficacy of the methods adopted by Figueres Ferrer, arguably the most influential figure of the twentieth century in Costa Rican politics, with the subsequent

comparatively peaceful decades illustrating the potential value of such manipulations in averting further violence among the elites.

These were courts that by design were temporary and narrowly targeted, in terms of the letter of their charter. But the application, aimed as it was at the political enemies of the new regime, and the process, targeted at the often arbitrary redistribution of the valuable assets of those enemies, falls squarely in the realm of a corrupt act outside of the boundaries of the peace agreement that ended the war. Finally, there is the tension between victors wishing to cement their success in a tenuous postwar environment by rewarding potential disgruntled supporters with influence, and the risk of pushing so far that violence bursts out again from the remainders of the opposition.

I argue that the methods by which the *Junta* prosecuted the tribunals, as a reclamation of property that puts the burden of proof of ownership on the accused, represented a relatively subtle approach to corruption. These procedures demonstrated a normative system where corruption was narrowly defined, and thus could be perpetrated openly by the new government with the right legal maneuvers and media coverage, provided (or elided, where necessary) by *La Nación*. In particular, the relative ease with which spouses, relatives, and business partners successfully defended against the government's claims, when they had any standing or evidence at all in a case, suggests that the successes of the Tribunals of Probity had more in common with the exploitation of a relatively weak standard of supporting paperwork for ownership and wealth-tracking than a legitimate process of restitution.

### The legacy of the Tribunals

Both popular lore and scholarly academic accounts have credited the governing conservative Republican president, Teodoro Picado for setting up a durable peace after an intensely bloody war, and to Calderón and the Popular Vanguard for knowing when they were beaten.<sup>80</sup> Here, I integrate the question of corruption into that process of consolidating the peace via the tribunals: in this view, it was less a brief period of retribution (as its very limited place in the popular history would have it in Costa Rica), and instead, per Quiros' argument, had three vital functions, to which I will append a fourth.<sup>81</sup> The first is that the Tribunals of Probitiy created a legal basis for the continued neutralization of National Liberation's political opposition in the postwar era, since the tribunals established a legal-seeming argument that supported exile for the major figures and continued marginalization for their remaining allies.<sup>82</sup>

The second is that Tribunals of Immediate Sanction and any criminal activity identified in them focused on establishing a pattern of criminality and violence around the Popular Vanguard party specifically to facilitate and support the ban of their activities. The third objective was to unite the first and second aspects to support the *casus belli* of National Liberation and strengthen its claim to legitimacy after the war relative to corrupt, lawless opponents.<sup>83</sup> Finally, the fourth objective I add is the *Junta's* the performance of legal process under the favorable media coverage of *La Nación*, to distribute rewards to National Liberation supporters in a lawful-seeming manner, buying peace with bribes while evading the public cost of spoils distributions.

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<sup>80</sup> Bell, *Crisis in Costa Rica*, 151–52.

<sup>81</sup> Quiros, *Los Tribunales de Probitad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*, 16–18.

<sup>82</sup> Quiros, 14.

<sup>83</sup> Quiros, 18.

It is not currently possible to obtain records of particular auction, nor is there a paper trail for the appointees who received the control of significant assets on behalf of the government, due to the destruction of many of the records after the *Junta's* time in government. What Quiros' work allows is for a window into the greatest hits of these now-obscured cases, and for this paper to put those facts against *La Nación's* coverage and the subsequent dim recollections around them in public memory. In addition to the expropriations that the prominent members of the losing side suffered in the Tribunals of Probity, there were also the criminal proceedings for acts perpetrated during the war. These were mostly aimed at lower-tier soldiers among the government troops and the communist militias or *mariachis*. These trials proved even less methodical and rules-bound in their work and delivered a substantial number of guilty verdicts in the 72 cases (involving 200 individuals), for crimes ranging from murder to chicken theft.<sup>84</sup> This was where that second task of providing a tangible perception of criminality around the Popular Vanguard party took place.

#### **1941 Expropriations and Deportations as Precedent for 1948-1949 Tribunals**

To understand the subsequent Civil War-driven tribunals and processes of expropriation, it is useful to look at their immediate precedent, which the *La Nación* covered primarily in terms of the successful lawsuits that the returning German-Costa Ricans waged to overturn the expropriations after the war. As part of its formal entry to World War II on the allied side, the Calderón Guardia administration expropriated and deported hundreds of Costa Ricans of German, Italian, Japanese descent or origin to US detention camps. Those who were deported lost their property in the sweep, and indeed this made the powerful German-Costa Rican community staunch foes of the Calderón Guardia personally as well as of his allies, regardless of their individual stances on these actions.<sup>85</sup> This earlier process provided the mechanics for what would follow in

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<sup>84</sup> Quiros, 82–83.

<sup>85</sup> Quiros, 41.

the 1948-49 Tribunals, specifically in terms of the opaquely run Tribunals of Probity used to determine eligibility for expropriation, and the *Junta de Custodia* process for apportioning the expropriated assets.<sup>86</sup>

Although these processes did not, in many cases, survive postwar legal scrutiny, it is crucial to understand the criteria by which the appeals of expropriated citizens were successful, as it illustrates why the Junta might have thought those successful appeals inapplicable to their own actions. By January of 1948, those Costa Ricans of German descent who surmounted the legal challenges won several major court battles on the basis of the illegality of the revocation of their citizenship. It was that citizenship issue specifically that invalidated some of the government's seizure of their property as the central part of the actions taken by the Costa Rican government in the war,<sup>87</sup> and this reservation still only partially restored property lost to the *Junta de Custodia*.<sup>88</sup> This was a crucial distinction, as it left an opening for the later tribunals that were substituting direct treason and corruption as primary charges without including revocation of citizenship in the process.

Informed by this backdrop, the 1948 Junta proceeded to create an essentially identical mechanism for the post-Civil War Tribunals, and merely found it necessary to change the rationale from citizenship-based ineligibility for ownership of assets to treason or corruption-based ineligibility. The *Junta de Custodia* processes were how expropriated assets would be turned over to the state or auctioned off, and the extraordinary latitude they were given in the WWII

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<sup>86</sup>“(News) Inaplicable El Decreto No. 19 Del Poder Ejecutivo y Nulas Las Ordenes o Notas de La Secretaria de Hacienda Sobre Adjudicar al Estado Una Finca de Don Ricardo Steinvorth.”

<sup>87</sup>“(News) Transcendental Pronunciamiento de La Corte Suprema de Justicia Contra El Estado.”

<sup>88</sup>“(News) Transcendental Pronunciamiento de La Corte Suprema de Justicia Contra El Estado.”

expropriations provided the model for the post-Civil War, National Liberation settling of scores with their political enemies.<sup>89</sup>

#### **1948-49: The mechanics of the Tribunals of Probity and Criminal Sanctions**

In violation of the 1948 peace accords reached by the Ulate, Figueres, and Calderón factions, the new government convened the Tribunals of Probity. They intended to distribute spoils to loyalists while neutralizing opponents, as well as bribing powerful figures who were not strongly allied with any of the factions.<sup>90</sup> It is important to underline that one of the central tenets of the *Pacto de La Embajada de México* that ended the 1948 Civil War was that the leaders of the National Republican and National Unity parties would be granted safe passage out of the country, but explicitly not as expatriates, with a guarantee of no reprisals, in the context of a general amnesty.<sup>91</sup> Less than two months later, with power squarely in the hands of the Junta, the sixth decree of the Junta that expressly worked around the spirit and the letter of the *Pacto* by declaring that same group of notable figures *personas intervenidas*, or people under investigation, and freezing their assets using everything connected to their names in the National Registry.<sup>92</sup>

In addition to more conventional claims of corruption and treason, the *Junta* expressly compared its actions to those undertaken at Nuremberg to address post-World War II justice for Nazis and collaborators and did so explicitly in the documents directing the creation of the Tribunals.<sup>93</sup> The Tribunals permitted those targeted by expropriations to challenge the claim; however, they had to be in the country. Since the principal actors had gone into voluntary exile, this left their relatives and business associates to dispute the asset seizures by providing

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<sup>89</sup> Quiros, *Los Tribunales de Probidad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*, 41.

<sup>90</sup> Quiros, 16.

<sup>91</sup> Quiros, 35–37.

<sup>92</sup> Quiros, 37–38.

<sup>93</sup> Quiros, 71-74.

explanations of how those assets had been accumulated. If the explanations were deemed unsatisfactory, the claims were denied.

The *Junta de Custodia* in its WWII expropriation mode had drawn a great deal of criticism in the Calderón Guardia administration because of the political connections that guided its decisions and the opacity of its dealings. This had fueled many accusations of corruption in that period from the members of the oligarchy from those groups as well as from their allies. While that never amounted to much legally, Figuéres Ferrer anticipated that turn, and preemptively set up the Tribunals under the aegis of combating the corruption of the *Caldero-Comunista* rule, to deprive them of their allegedly ill-gotten gains.<sup>94</sup> When the Tribunals experienced setbacks, such as when the higher regular courts ruled that the ban on the Popular Vanguard party and the incarcerations of communists that resulted from the Tribunals of Immediate Sanction were both illegitimate and needed to be reversed immediately, it warranted a small corner of a page in *La Nación* in dry legal terms.<sup>95</sup> In contrast, the articles that boosted the alleged crimes of communists or the declaration of the ban itself were nearly full- or front-page articles with strong rhetoric.<sup>96</sup>

### **Specific Cases of the Tribunals**

In the most high-profile gestures of the Tribunals, the seizure of Calderón Guardia's residence in Barrio Escalante was justified by Calderón's absence from the country and therefore interpreted by the government as his unwillingness and/or inability to legally counter the expropriation. The large estate was summarily converted to the newly expanded school for women, as part of the Figuéres Ferrer equality agenda.<sup>97</sup> There is extremely limited coverage of any of these consequences in *La Nación* as a function of the tribunals, and the stories of outcomes were

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<sup>94</sup> Quiros, 42.

<sup>95</sup> "(News) Inaplicable El Artículo Cuarto Del Decreto Que Declaró Fuera de La Ley a Vanguardia Popular."

<sup>96</sup> "(News) DECLARADO FUERA DE LA LEY EL PARTIDO COMUNISTA DE C. RICA."

<sup>97</sup> Quiros, *Los Tribunales de Probidad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*, 52.

instead focused on the progress that the Junta was achieving and on the crimes of previous administrations.

The government continued to use the Tribunals as a vehicle for reducing Calderón's wealth and influence while in exile. For example, Calderón Guardia's mother and his ex-wife who remained in Costa Rica were able to successfully fight some property seizures for assets in their names and in his, but the distinctions between what succeeded and failed in court did not appear to have any particular pattern to them.

Despite the government's protestations, many reprinted verbatim in *La Nación*, that the Tribunals were a legal and just process, there are multiple examples of arbitrary decisions in response to dispute seizures. For example, defendants with several bona fide bills of sale would have some but not all of their properties seized when the supporting documentation was equally valid for all assets. Further, those properties were quickly auctioned off, finalizing transfer of property ownership.<sup>98</sup> In the *Chomes* farm case, the Tribunal established that any business relationship with Calderón Guardia, even as a minority partner could result in accusations of corruption, misrepresentation of revenue, culminating in fines in excess of a year's earnings. In essence, this constituted seizure of property through guilt by association.<sup>99</sup>

Newspapers also drew the attention of the Tribunals. For example, publications sympathetic to the National Union Party were subject to seizure as was the case of *La Tribuna*.<sup>100</sup> Instead of allegations of corruption, the charge was political bias and propaganda in support of the defeated party. As a result, *La Tribuna's* facilities were expropriated in full and turned over to state executors, who were National Liberation appointees. The redistribution of these substantial assets

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<sup>98</sup> Quiros, 53.

<sup>99</sup> Quiros, 57.

<sup>100</sup> Quiros, *Los Tribunales de Probidad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*, 62–64.

was not documented, and furthermore, managers and employees of the publication were threatened with similar government scrutiny of their personal finances, in order to discourage any public disclosure of what had occurred. There was no specific coverage of this trial in *La Nación*.

These procedures demonstrated how the operations of the Tribunal, strict in its requirements for documentation from defendants while erratic and arbitrary with its decisions, left significant opportunities for claims of corruption. The speed with which the tribunals arrived at decisions were representative of the Figüeres Ferrer Junta's goal to consolidate power, reward existing and potential allies before the transition to the Ulate presidency.

In addition to the expropriations, the Tribunals conducted criminal proceedings for acts perpetrated during the war, which provided the aura of violent extremism for anyone indicted in any form of these tribunals, justifying the government's strong rhetoric, referenced previously, alluding to the pro trials. These were mostly aimed at lower-tier soldiers among the government troops and the communist militias, and served to provide a legal layer for the extensive and often violent, primarily anti-communist reprisals that followed the Junta's accession to power.<sup>101</sup> As an example, on December 20, 1948, former military officials operating as police officers summarily mass-executed a group of a dozen syndicate leaders, including a former Popular Vanguard member who had served previously in the national legislature.<sup>102</sup> A substantial number of guilty verdicts in the 72 cases (involving 200 individuals) were delivered for crimes.<sup>103</sup> The reporting around these cases directly linked them to communist organization and activities.

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<sup>101</sup> Arias, *Crisis social y memorias en lucha*, 299–300.

<sup>102</sup> Quiros, *Los Tribunales de Probidad y de Sanciones Inmediatas (De Junio 1948 a Noviembre de 1949)*, 102–3. No punishment was approved for the police in that case, despite substantial protests from a diverse spectrum of Costa Ricans. The government's rationale was that there were still-pending serious charges in the Tribunals against these individuals, and the police were simply acting to protect public safety using their best judgment of the threat they still posed.

<sup>103</sup> Quiros, 82–83.

That perception is supported in practical terms by the Truman administration making recognition of Figueres Ferrer's *Junta* contingent on securing a deal with Picado, where National Liberation could have simply declared itself the winner as they had planned initially.<sup>104</sup> A specific example of the conduct that made Picado's reputation domestically is how, in the last weeks of the war, Picado ordered the arrest of a longtime government functionary and colonel in the government army, Aureo Morales. Morales was suspected of conducting reprisals extrajudicially against his enemies, and Picado undertook that arrest despite sharing the same enemies, without special consideration to his partisan affiliation. There's also evidence that Picado maintained the courts as a recourse during the height of the war, and followed their directives to release, among others, a Liberation Army-affiliated judge from captivity.<sup>105</sup> As another example, one can point to his efforts to defuse controversy and seek compromise in his own presidency, by halting key components (i.e. Social Security, universal healthcare expansion) of Calderón-era policies, which were popular with his political base but attacked consistently by the opposition. The Tribunals of 1948-49 and their aggressive approach to eliminating or neutralizing the opposition, while opportunistically enriching the allies of National Liberation, represent a concerted shift in direction from Picado's conciliatory approach.

The dissolution of opposition newspapers attests to the more visible symptoms of the *Junta*'s suppression of the opposition, along with the electoral suppression that followed in 1953 as a result of successful penetration of the judicial infrastructure by National Liberation appointees during the *Junta* period. In the quick return to power of Figúeres Ferrer to power in 1953, as the leader newly-official National Liberation party, it's important to note that a factor in his landslide victory (67%) was the disqualification of his major rival, Mario Echandi of the National Union

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<sup>104</sup> Arias, *Crisis social y memorias en lucha*, 243.

<sup>105</sup> Bell, *Crisis in Costa Rica*, 151–52.

party, from running in the election by Liberation-appointed judges in the electoral tribunal. Essential to this effort was the pre-existing disqualification of both the National Republican Party and the Popular Vanguard (Communist) party that had existed since the Junta's decrees. This left only the comparatively obscure competition of a National Union ally, the Democratic Party, in the running, and set legal barriers that created what otherwise might seem like a convincing popular mandate carrying over from the Civil War and Junta period.<sup>106</sup> While there is no basis to question the idea that Figueres Ferrer and his party were broadly popular after the conclusion of the war and the *Junta* period, it is crucial to remain aware of the way the party manipulated the levers of the judicial system, from the Tribunals onwards, in order to tilt events in its favor.

#### **The Tribunals as an instrument of corruption**

The Tribunals, which worked plainly against the letter and the spirit of the peace agreement, brought into sharp relief the dual nature of corruption in the modern Costa Rican state. On the one hand, we can discern the straightforward abuse of power for self-enrichment and the construction of a political machine. On the other hand, Costa Rica was able to recover from an intensely violent civil war without subsequent outbursts of violence between the principals, including those who remained in the country and still had access to armed groups. Popular perceptions of the War (and of its associated corruption) are difficult to measure. Even so, the War's resolution, via the Junta's Tribunals, provides a baseline for the methods adopted by Figueres Ferrer, the most influential figure of the twentieth century in Costa Rican politics, as well as illustrating the potential value of such manipulations in averting violence among the elites.

The Tribunals were by design temporary and narrowly targeted. Their reconstitution used the precedent of capricious partisan vengeance and spoils-taking as fundamental to consolidate the

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<sup>106</sup> Hernández Naranjo, "Las elecciones de 1953," 4–7.

new *Junta*. Finally, there was the tension between victors wishing to cement their success in a tenuous postwar environment and the risk of acts so egregious as to incite violence.

This study argues that the Tribunals' methods of a procedural reclamation of property placing the burden of proof of ownership on the accused, represented a relatively subtle approach to corruption. It reflected a normative system in which elites in opposition to Figüeres were targeted with property seizures. The absence of newspaper records from this period from sources that weren't friendly to National Liberation makes it difficult to assess popular opinion around the issue nationally, and is a notable omission given the rosy accounts of the end of the Civil War.

### Chapter 3: The National Bank System and its antecedents

The late nineteenth century through 1929 saw Costa Rican governments employing banking structures in a very sparing manner, which typically focused on the welfare of large agricultural concerns in the country, which at the time were primarily large family-owned coffee plantations. As a result, the first major domestic bank was founded in 1863 by two British men and a Costa Rican coffee baron, Mariano Montealegre. The Anglo-Costa Rican Bank had its primary business in providing credit and transaction capabilities for the export of coffee to Europe, and the importation of finished goods in return.<sup>107</sup> After 1899, the banana industry represented a significant level of economic activity in the country relative to coffee. But the United Fruit Company and its precursor companies preferred to deal with Costa Rica in terms of legal concessions that allowed them to build a parallel economy of horizontally and vertically integrated businesses, from company stores to shipping container transportation and storage, all of which were almost exclusively anchored in foreign banks.<sup>108</sup> As a result, the banana industry in Costa Rica, in both the early years of Minor Keith's exclusive leadership and after the 1899 merger into United Fruit Company, was not a significant factor in Costa Rican-based banking during its tenure in Costa Rica.<sup>109</sup> Keith, as an American-born businessman who financed the country's railroads in return for the substantial concessions that became the banana industry, in Costa Rica and neighboring countries, developed the pattern that the company would follow in benefiting from Costa Rican land without participating directly in the economy or finances of the country.

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<sup>107</sup> Mas, *Estado y política económica en Costa Rica, 1948-1970*, 23.

<sup>108</sup> Mas, 26.

<sup>109</sup> Stewart, *Keith and Costa Rica*, 192–94.

However, this bank remained a fixture at the center of Costa Rican political and economic activity for decades, representing the linkage between vast sums of foreign capital and the very top of Costa Rican society, mediated by Montealegre and his peers. This is significant because the period between 1863 and 1919 was politically turbulent, with a number of coups and other irregular processes causing power to change hands regularly.<sup>110</sup> The control over capital that the bank represented remained constant throughout that period, and that relative stability was instrumental in concentrating power in the hands of the agricultural oligarch class.<sup>111</sup> While the individual protagonists changed, such as when Montealegre and his brother were exiled permanently from the country in 1871, the function of banks as instruments of the privileged did not, and it was soon joined by other smaller privately-owned banks that served a similar function for other powerful individuals.

#### **Crisis and Government Intervention**

In 1914, newly elected president Alfredo González Flores created the International Bank of Costa Rica, in response to the economic stresses created by World War I. It was designed to stabilize the coffee industry and related interests. And yet, many of the potential beneficiaries of the newly-created bank did not support the new institution, preferring their own private banks for these matters as well as for functions like printing currency as well as international transactions.<sup>112</sup> Nevertheless, the scope of the economic crisis generated by the war made this government intervention a durable and successful one, and it was integrated into the upper level of Costa Rican economic strata as the first national bank.<sup>113</sup>

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<sup>110</sup> Mas, *Estado y política económica en Costa Rica, 1948-1970*, 22–26.

<sup>111</sup> Facio, *Estudio Sobre Economía Costarricense*, 40–46.

<sup>112</sup> Alianza Empresarial para el Desarrollo, “Banco Nacional de Costa Rica.”

<sup>113</sup> Mas, *Estado y política económica en Costa Rica, 1948-1970*, 30–32.

In 1933, the economic chaos wrought by the Great Depression drove the government to create the Institute for the Defense of Coffee (IDC), which sought to strike a balance between the needs of the big exporters and processors and those of small coffee producers. While still focused on that most politically significant part of the economy, it did represent a considerable egalitarian shift from previous institutions in the country because of the inclusion of small producers in its basic function of collectivizing risks and facilitating credit.<sup>114</sup>

In 1936, the International Bank became the National Bank of Costa Rica, and lawmakers allotted it power of oversight and regulation over all currently regulated banking activity in the country, while still permitting most local capital to remain in private banks. In tandem with this, the government created the Rural Juntas of Agricultural Credit (JAC) to provide loans and economic flexibility to small farmers throughout the country. There was tremendous resistance by the wealthy to this shift in control, but the pressures created by the Depression were sufficiently unrelenting that it survived the presidential administration that created it and became a permanent part of Costa Rican finances.<sup>115</sup>

### **The forms of government criticism in the pre-war period**

It's worth noting that while corruption was continually leveled as a charge in this period, there were elements of nativism as well as more objectively grounded concern about the newly dominant groups in the Costa Rican economy. Those groups consisted of more recently emigrated wealthy families from countries like the United Kingdom and Germany, who had purchased vast landholdings become dominant in the primary export, coffee, as well as spurring more modern industrial and commercial activities.<sup>116</sup> It is useful to consider the words of an influential Costa

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<sup>114</sup> Mas, 36.

<sup>115</sup> Mas, 31–33.

<sup>116</sup> León, *Historia económica de Costa Rica en el siglo XX*, 26–28. Throughout most of the twentieth century, Costa Rica continued to be a primarily agricultural economy, with bananas in the east and coffee in the Central Valley.

Rican writer and intellectual of the time, Mario Sancho Jiménez, who was most famous for crystallizing the notion of Costa Rica as the Central American Switzerland in his seminal 1935 essay. In a summary of the situation in the 1930s, the country's key industries were improperly in the total control of companies like United Fruit as well as "citizens of the Third Reich and subjects of His Royal Majesty."<sup>117</sup> His greatest contempt, however, was reserved for the current and former presidents who fostered an environment of dependence on government and the pursuit of *el hueso* (the bone or handout) from elected officials, as the chief preoccupation of Costa Ricans outside of the oligarchy.<sup>118</sup> His argument has been criticized as eliding the pivotal strikes and activism of Communist groups and their allies, as well as the rise of government-approved institutions like the IDC and JAC in response to popular pressure, which showed a very active role in politics and self-advocacy for working-class Costa Ricans, but is nevertheless useful for understanding perspectives of upper-class Costa Ricans at the time.<sup>119</sup>

In Sancho Jiménez' strong words about bureaucratic parasitism, as well as his broad-brush summary of corruption as occurring inherently in interventions like nationalized banking, we see an argument that these institutions were all part and parcel of the same phenomenon. It served as an antecedent for later critiques of both *Calderonismo* and National Liberation, and those governments' gestures towards creating and expanding the social welfare state.<sup>120</sup> It's worth noting that the anti-foreigner aspect was not a unanimous perspective; Figueres Ferrer, ironically relative to his later actions with the Tribunals of Probity, regarded the more recent immigrant families from

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Bananas were perforce foreign controlled, dictated by the railroad and port infrastructure owned and operated by the United Fruit Company, as part of the concession granted by the Costa Rican government in return for the construction of the railroads. However, coffee was seen as a local concern, and some Spanish-descended members of the upper classes, as expressed by Sancho, evinced great discomfort with the changes in that sector.

<sup>117</sup> Sancho Jiménez, *Memorias*, 221.

<sup>118</sup> Sancho Jiménez, 219–22.

<sup>119</sup> Molina Jiménez, "La Suiza Centroamericana de Juan Manuel Sánchez.," 14–16.

<sup>120</sup> Sancho Jiménez, *Memorias*, 222–26.

countries like Germany as an asset to the country and was strongly critical of the expropriations. He would, without caveats, extensively criticize the Calderón Guardia administration's "dishonest hands" and the alleged enrichment of their allies through the confiscations of property and expulsions of those citizens that occurred in the Axis, to speak of the great contributions and value to Costa Rican society of these immigrant groups.<sup>121</sup> In this, we see a very different Figueres Ferrer from one who felt comfortable using a very similar process to extract assets from his political enemies in the Tribunals of Probity, during the postwar *Junta* period.

Perhaps because of the turbulent discourse around changes in the banking system, the Calderón Guardia administration and the National Republicans spent their political capital looking to expand equality and social welfare in other ways, such as the creation of a Social Security system, the implementation of a labor code, and a preliminary plan for land redistribution. Changes to the banking system was not a priority.<sup>122</sup> Picado, while nominally Calderón Guardia's anointed successor, was much more focused on electoral reform and government legitimacy writ large, as described earlier. In fact, it was not until the end of the Civil War and the *Junta* period that there was significant movement on the issue.

#### **The *Junta* and the nationalization of the banking system, 1949-1950**

Figueres Ferrer and his allies, upon winning the Civil War and taking control of the country in the *Junta* in 1948, agreed to turn over the government at the conclusion of a period of authoritarian rule that they saw as necessary to implement and stabilize the objectives of the victorious side. As a result, the *Junta* held a considerable amount of leverage over the incoming government of Otilio Ulate. In the face of steadily rising criticism specific to a threat of bank nationalization, the mechanism they chose for implementation spoke to the public relations and

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<sup>121</sup> Ferrer, *El espíritu del 48*, 51–54.

<sup>122</sup> Arias, *Crisis social y memorias en lucha*, 95–102.

legitimacy concerns the *Junta* had about the bank nationalization. Rather than passing the Bank Nationalization Act by decree, as they had done with so many other controversial measures in the eighteen months of the *Junta* period, they presented the plan as a recommendation to the incoming administration, a proverbial offer they couldn't refuse. Ulate, true to the agreement of the treaty and the precarious position his presidency existed in relative to the *Junta*, then legislated the recommendation as directed, in the first month of his administration, and correspondingly took significant criticism from the longtime opponents of nationalization.

When Ulate executed the *Junta's* blueprint, the national banking system was set up in order to have a number of safeguards against corruption, starting with the removal of bank board term appointments from the regular election cycles, and a starting slate of board members that were widely respected as men of great integrity. There would be no direct partisan affiliations for board members until much later, and, by design, the national bank legislation integrated a great deal from national banks in other countries in order to build a stable and useful system.

#### ***La Nación* and the rumors of nationalization**

While there was much routine reporting on the general banking news, on May 15, 1948, less than a month after the conclusion of the War but before any of the Tribunals had been formally announced, there is a notable first collision between the topics of corruption and the banks in the pages of the postwar *La Nación*. An extended letter to the editor covering nearly the entire page, signed simply "Banco Nacional de Costa Rica," which wrote on behalf of Costa Rica's only true national bank at that point.<sup>123</sup> The purpose was to explain a series of loans and payments around the lumber in a privately-owned farm as part of an ongoing scandal pertaining to the previous administration, and the letter went into laborious detail about the price per segment of wood that

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<sup>123</sup> "(Guest Editorial) EXPLICACION ACERCA DE LA FINCA SANTA TERESITA."

informed their decisions. The writer presented their conclusion without subtlety; the bank's leadership argued that they performed in accordance with the law and commercial practices of the time, and that, essentially, it was not their fault if the money was not accounted for and nothing of value was done on the property. This is notable because it is the only context for this story provided in the pages of *La Nación* at this time, and it was the end of the story as far as the newspaper's major coverage is concerned.

On June 22, 1948, *La Nación's* front page first engaged with the issue of nationalization, approximately two months after the end of the Civil War. In this version, as part of a broader declaration of principles of "The Revolution" under National Liberation, the newspaper suggested the following amid a discussion of the war debts of the new government: "The Nationalization of Banks...brings us the possibility of paying the extraordinary debt of this Nation using our own means [as opposed to external loans or grants]."<sup>124</sup> The headlines on the opposing half of the page fleshed this suggestion, by proclaiming that communism would find no safe harbor in Costa Rica, as it had in other countries, and that no matter what debts it owed, the *Junta* was committed to respecting the private ownership of capital. As the top of the page indicated, this front page, with no bylines, was from the same editor who founded the paper and who continued to serve as editor during this period, Sergio Carballo. None of these headlines had any articles supporting them and were simply meant to stand on their own.

In that same issue, we see specific reassurances that the leadership of private banks would remain the same, and that the *Junta* had no desire to interfere with their operations. Yet this information was buried in a small article deeply nested within the newspaper's political and finance

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<sup>124</sup> "(Editorial) La Nacionalización de Los Bancos, Que Encuentran En El Estado a Través de Sus Instituciones Bancarias Propias Todo El Poder Financiero de La Nación, Brinda Posibilidades Reales de Financiar Este Impuesto Extraordinario."

section.<sup>125</sup> On June 24, as a front page article, *La Nación* quoted the board of directors of the private Banco Anglo Costarricense, as they decried the “imminent threat” of nationalization as turning the reins of banking to “unscrupulous hands,” directly anchoring the nationalization question as one of corruption.<sup>126</sup> That same issue included as a news article an argument from a member of the National Republican party, referred to here as the opposition, in favor of replacing the “spirit of lucre” with the national welfare by nationalizing the banks, and specifically attacking the practices of private banks in the past in times of crisis.<sup>127</sup>

While Carballo makes no direct effort to undercut the quoted politician’s words, which fits with the model used at the time for long-quote articles that explained policy without further context or balance, these are editorial choices of great consequence. By associating the idea of national banks with corruption and having the concept of nationalization at its most idealistic be advanced by a member of the hated opposition, it seems clear that Carballo is setting a groundwork for how he wanted his paper to engage on this issue: with an element of subterfuge and an appearance of objectivity.

By June 27, the final piece was in place: there was a favorable-seeming extended interview of a current Justice Minister that allowed him to expound at length about how there could not be anything pernicious about a measure like nationalization that would ultimately lead to more private property and capital by extending banking and credit to more of the population. But the headline pulls a single line from the article, based on a leading question from the newspaper: his response, using *La Nación’s* framing, was that nationalization “can’t *Sovietize* the country” for the

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<sup>125</sup> “(News) La Junta de Gobierno Acordó Mantener Las Directivas de Los Bancos Particulares.”

<sup>126</sup> “La Nacionalización de La Banca Nacional No Merece Nuestra Aprobacion y La Consideramos Altamente Peligrosa.”

<sup>127</sup> “(Guest Editorial) Siendo Toda La Banca Nacional, Desparece El Espíritu de Lucro, y Sólo Emerge Una Idea: La Del Bien Nacional.”

aforementioned reason.<sup>128</sup> At this point, in what appears to be Carballo's sophisticated understanding of how newspaper headlines are consumed, the three-point argument is complete: nationalization is an idea from the opposition; it is ineluctably tied to corruption, and it aims to *Sovietize* the country, never mind the minister's objections.

### **The honeymoon comes to an end**

In the words of a more recent former editor of *La Nación*, the newspaper has a cyclical relationship to power from its inception that almost transcends ideology. By his telling, the paper historically had always greeted the incoming government with open arms and the gift of deep examination of the misdeeds of their predecessors. This was usually followed by small ruptures with the administration as it started to enact policy, and usually by the middle of the presidential term, "the honeymoon is over" and the paper's rhetoric and focus took a much harsher angle on the incumbents.<sup>129</sup>

The relationship of *La Nación* and the *Junta* fits this life cycle in a very compressed form, as by the end of June 1948, we can see the issue of bank nationalization, along with other related decrees, spearheading a radical shift in the newspaper's coverage, freely melding the accusations of corruption with those of dictatorial excess. On Aug 11, several provocations back and forth between the government and the paper come to a head as yet another decree passed, a 10 percent, one-time tax on major assets. In response, *La Nación* put out an editorial that used a friendly letter between Costa Rican politicians and political rivals at the turn of the century as the basis for the headline "A warning from beyond the grave." At first an argument for civility and patriotism, it then evolves into a stark criticism of a government that the newspaper had supported as a force

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<sup>128</sup> "(News-Interview) No Puede Ser Sovietizante Una Medida Que Tiende a Fomentar Propiedad Privada."

<sup>129</sup> Urbina, (Former editor of *La Nación*, 2003-2010, journalist at *La Nación* 1988-2003), interviewed by the author, June 2018.

against “bureaucratism,” an umbrella term for corrupt and unnecessary government institutions and interventions.<sup>130</sup>

By August 13, *La Nación* took the unusual step of quoting the finance minister’s response to that provocative piece within a squarely adversarial editorial.<sup>131</sup> The minister wrote that the newspaper was “disoriented” and at times wanted strong government and at others wanted no government at all, especially in the issues of the asset tax and bank nationalization. After a brief excerpt from the minister, Carballo unleashed a torrent of arguments about how the paper had been perfectly consistent in opposing corrupt bureaucracy, and that the *Junta* was headed toward a maximal form of such a dangerous entity if it proceeded with bank nationalization. Figueres Ferrer chooses to respond himself in an interview published on August 17, where he conveyed his message without interruption. He spoke in defense of his government’s record and chastised the newspaper as betraying the revolution to serve the interests of “petty capitalists,” rather than those of the Costa Rican people. Figueres Ferrer asked *La Nación* to reconsider a role for itself of “constructive” criticism around what the country needs, rather than advocating for the failed policies of past governments.<sup>132</sup>

The editorial page responded in short order on August 18, declaring how it was morally obligated to “plant a flag” on the unconstitutional and corrupt effort to nationalize the banks, as part of a suite of economically damaging and authoritarian policies.<sup>133</sup> Carballo employed the memorable turn of phrase “making chocolate without cacao” in order to ridicule the notion that government intervention and nationalized banks could raise salaries or measurably improve on

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<sup>130</sup> “(Editorial) UNA ADMONICION DE ULTRATUMBA.”

<sup>131</sup> “(News) DESORIENTACION POLITICA.”

<sup>132</sup> “(Editorial) Mereceríamos La Condenación Del País Si de Los Presupeuestos Hiciéramos Lo Que Los Regímenes Recientemente Derrocados.”

<sup>133</sup> “(Editorial) Plegamos La Bandera.”

what is the proper role of private industry in determining how the country's economy should function. From this point forward, *La Nación* framed most *Junta* actions in this manner, as with a subsequent scathing news article on a 50m colón bond issue, accompanied by numerous equally critical editorials and companion reports, with no pretense to objectivity in their tone. Figueres Ferrer responded in kind, and the sparring continued through the end of the *Junta* period on November 8, 1949, only to be redirected at Otilio Ulate's government in an extremely short honeymoon cycle, when the newspaper's optimism about a new administration hit the hard realization that one of Ulate's first acts in office would be to proceed with nationalization of the bank system.

Ulate was firm about keeping his obligations to the *Junta*, but he was able to defuse much criticism from *La Nación* and the oligarch class by promoting an agriculture-targeted bank that served to promote investment and expansion in the sector. By October 1951, the majority of the bank news in the newspaper consisted of favorable coverage of this plan,<sup>134</sup> and the familiar maneuver of bringing in a widely respected figure to lead the central bank for its first years was also very effective, as Jaime Solera Bennett had frequently featured and written in *La Nación* of his dedication to maintaining a healthy relationship between public and private entities via strong institutional design that was responsive to the public's concerns, as demonstrated in an October 1951 op-ed.<sup>135</sup>

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<sup>134</sup> "(News) Dichosamente Son Muy Pocos Los Que Se Oponen al Banco de Ahorro Agrícola."

<sup>135</sup> Solera Bennett, "(News) Me Quedo Con El Concepto Del Estado Democrático."

## Conclusion

As is evident in this paper, many of the elements of corruption discourse (in terms of acts and proportional scale of scandal) were already in place long before the 1990s, where the first of four presidents formally charged with corruption would mark a new low in Costa Rican faith in government. Those elements took their modern forms in the years immediately before and after the Civil War of 1948. What could be described as a sense of dual national identity, where the sense that a government institution or a leader could both be benevolent and deeply corrupt. The relevant aspect of that dynamic for this study is the question of how influential the outcomes of various scandals were in the public mind. It is then possible to trace the influence of this form of perception across subsequent decades.

An unusual aspect of Costa Rica's post-1948 history, relative to its past and to its neighbors, is its avoidance of incidental or systemic corruption in its elections, which have been scrutinized closely and found to have a strong level of integrity over this time. This does not speak to the broader panorama of political and economic corruption in the country, but it does provide an outside boundary for what to expect over a long-term analysis, in terms of the nature of scandals and how far their impact would go. When describing the period of steady growth and relative stability in the 1950s and 1960s, or the economic challenges encountered in the 1970s as a result of the international impact of a global recession, the country developed relatively strong institutional character and public confidence in its operation. It is also true that the country has experienced a decline in overall confidence in its institutions, leaders, and their interactions with private industry (particularly foreign companies) since then, made especially acute by the USAID-driven neoliberal reforms of the early 1980s under the Luis Alberto Monge Álvarez administration. Monge Álvarez was, incidentally, a member of the Social Christian Unity Party,

the heirs to Calderón Guardia's National Republican Party, who returned as the chief rivals to National Liberation once the terms of exile were over.

As an indicator tracked in this paper through 1950, corruption serves to decorate the arguments of the opposition in the most divided moments in Costa Rican history, but would only result civil war a single time in 1948, and would otherwise ebb and flow with individual political fortunes and scandals, integrated into Costa Rican political discourse as something that must be critiqued constantly but also tolerated. The limits of that tolerance would not be hit until decades later, with the successful incarcerations of two presidents in the 1990s, and the failed attempt to do the same to Figueres Ferrer's son after his presidential term in 2004. Ironically, the latter was widely regarded to have escaped conviction because he had previously stacked the courts with allies in his term in office.<sup>136</sup>

As mentioned in the introduction, we are only months after a fourth indictment of an ex-president, in this case Luis Guillermo Solís Rivera (2014-2018) over corruption. The charges are, notably, over his choices and that of his top officials in managing the affairs of a national bank.<sup>137</sup> As the bank, the modern incarnation of the agricultural credit-oriented bank designed by the Ulate administration to appease the oligarchy, failed and was absorbed into the Bank of Costa Rica, the agency tasked with prosecuting corruption alleged that Solís Rivera and his allies engaged in deceptive accounting to enrich themselves.<sup>138</sup> This powerful claim, one that is built on the arguments around nationalization in 1948-50, has only grown more dangerous to elected officials in the wake of state bank collapses in intervening years. The 1994 collapse of the Anglo Bank, after decades of being used as a slush fund by members of National Liberation and their Christian

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<sup>136</sup> "Fiscalía carece de pruebas para reabrir investigación a Figueres."

<sup>137</sup> "Costa Rica Charges Former President Solis with Corruption."

<sup>138</sup> Flores, "¿Qué es el caso Bancrédito y por qué se acusa al expresidente Luis Guillermo Solís?"

Social Unity opposition, was a generational trauma for Costa Ricans who saw their accounts or those of their neighbors wiped out because of the decidedly less-than-inspiring teamwork between the ruling parties.<sup>139</sup> The scandals vary in terms of their adherence to provable legal claims of wrongdoing, but the language has remained consistent, and the effect on reputations and careers has lost some of that dual identity and flexibility. But the words and arguments remain remarkably like the earlier case.

The transition in *La Nación's* approach to the National Liberation movement in the postwar period provides one roadmap for the popular rhetoric and importance of corruption. In the seamless transition from the movement's staunchest advocate to the front page of the opposition, the newspaper's editorial leadership under Sergio Carballo managed corruption accusations in keeping with how closely National Liberation matched the editorial line of the paper and its allies. It is instructive that the period during which the modern welfare state was built, from which nearly three decades of unprecedented growth and prosperity for all Costa Ricans grew, is also frequently described as a cesspit of corruption. That is the legacy of the flexible approach to legitimacy and corruption pioneered by *La Nación*. That does not, of course, make for a positive argument for corruption, per se. It does suggest that the kind of corruption matters, as some will break the country by de-legitimizing elections, as in the impetus for the Civil War of 1948, and other forms will help it, however crudely, solidify power-sharing between elites without violence. As a result, it is perhaps as important to interrogate the motives of the accuser as it is to scrutinize the actions of those in power. That corruption can be detected in a given moment may not be as important as the context in which the accusation is being raised and may ultimately tell us a lot more about the concerns and anxieties of the time than about the particular significance of allegedly corrupt acts.

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<sup>139</sup> Raventós, "Construcciones y Especulaciones En Torno al 'Descalabro Financiero' Del Banco Anglo Costarricense," 49–52.

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## **Appendix 1: Timeline and Key Events of Costa Rican Governments in the 20<sup>th</sup> Century**


Presidency	Major Events	Banking, Public sector and finance	Non-Banking Corruption
1906-1910 Cleto González Viquez National Union Party 			
1910-1914 Ricardo Jiménez Oreamuno (1 <sup>st</sup> term) National Republican Party 	<ul style="list-style-type: none"> <li>-Reconstruction of Cartago after major earthquake</li> </ul>	<ul style="list-style-type: none"> <li>-Consolidation of external debt to France</li> </ul>	
1914-1917 Alfredo González Flores	<ul style="list-style-type: none"> <li>-made president by Congress, as a result of a pact between two major parties, the <b>National Republican Party</b> and the (equally elite, precursor to National Union Party)Duranista Party, in an election that was a 3-way split, in order to keep the personalist/populist Civil party out of power.</li> <li>-Removed from power by own Secretary of War, in a military coup.</li> </ul>	<ul style="list-style-type: none"> <li>-Established first system of fully national direct taxation.</li> <li>-Established International Bank (later known as National Bank) as first fully state-run bank and issuer of currency.</li> </ul>	

<p>1917-1919</p> <p>Gen. Federico Tinoco</p>	<ul style="list-style-type: none"> <li>-Military coup, aggressive repression in collusion with elites.</li> <li>-Declared war on Germany</li> <li>-Tinoco administration failed to get recognition from US (Wilson)</li> <li>-CR unable to participate in Versailles Treaty as a result, technically in a state of war against Germany until after WWII.</li> <li>-Resigned and exiled after brother and co-conspirator was assassinated.</li> </ul>		
<p>Aug-Sep 1919</p> <p>Juan Bautista Quirós</p>	<ul style="list-style-type: none"> <li>-Named by Congress and dictator as immediate successor</li> <li>-Still not recognized by US, which threatened invasion</li> </ul>		
<p>1919-1920</p> <p>Francisco Aguilar Barquero</p>	<ul style="list-style-type: none"> <li>-provisional president working to re-establish democratic procedures after military dictatorship</li> </ul>		
<p>1920-1924</p> <p>Julio Acosta García</p> <p>Constitutional Party</p>	<ul style="list-style-type: none"> <li>-Became president with 88% of the vote</li> <li>-managed near outbreak of war with Panama</li> <li>-Created Public Health Board</li> <li>-rolled back repressive and anticlerical policies</li> </ul>	<ul style="list-style-type: none"> <li>-Created first version of Central Bank of Costa Rica</li> </ul>	
<p>1924-1928</p> <p>Ricardo Jiménez Oreamuno (2<sup>nd</sup>)</p> <p>National Republican Party</p> 	<ul style="list-style-type: none"> <li>-Created Ministry of Health</li> <li>-Electrification of Pacific Railway</li> <li>-Creation of Pacific Port</li> </ul>	<ul style="list-style-type: none"> <li>-Creation of Bank of Mortgage Credit</li> <li>-Creation of National Insurance Bank</li> </ul>	



<p>1928-1932</p> <p>Cleto González Viquez</p> <p>National Union Party</p> 	<p>-1929 moral panic around heroin use, as drug scandal envelops San José's working class and</p> <p>-1931 Costa Rican Communist Party founded by Manuel Mora</p>		
<p>1932-1936</p> <p>Ricardo Jiménez Oreamuno (3<sup>rd</sup>)</p> <p>National Republican Party</p> 	<p>-Infrastructure focus on national roads, aqueducts, and bridges</p>		
<p>1936-1940</p> <p>Leon Cortés Castro</p> <p>National Republican Party</p> 	<p>-Expansion of preceding infrastructure projects, including the international airport at La Sabana; argument was that sufficient public works could repel Depression without social programs.</p> <p>-Gave up power reluctantly, considering altering the constitution to get a second consecutive term, and immediately split from NRP upon Calderon Guardia's inauguration.</p>	<p>-Altered charter of International Bank to support expansion of banana plantations to Southwest of CR.</p>	


<p>1940-1944</p> <p>Rafael Ángel Calderón Guardia</p>	<p>-Creation of Labor Code, minimum wage, development plan for rural areas, low cost</p>		<p>Vast, overlapping accusations of corruption accompanying every large-scale effort to create a social welfare state; elites accused</p>

<p>National Republican Party</p> 	<p>housing, University of Costa Rica, national social security program (CCSS), original form of universal national healthcare system.</p> <ul style="list-style-type: none"> <li>-Confiscated properties of German-Costa Ricans as part of formalized support of Allies in WWII, and deported hundreds to US concentration camps.</li> <li>-Initially positioned as alternative to communism, later formally allied with communist party as elites fully rejected the new direction of the NRP.</li> <li>-Able to cultivate strong ties with factions in Catholic church by expanding the church role in a national education system.</li> </ul>		<p>Calderón of corruption at every turn, and were sometimes justified, but equally often he could point to a preexisting injustice that his very popular programs were addressing.</p>
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<p>1944-1948</p> <p>Teodoro Picado</p> <p>National Republican Party</p> 	<ul style="list-style-type: none"> <li>-Supposed to be a placeholder for Calderón Guardia's return four years later, Picado focused on modernization of the state, and slowed the pace of social reform to defuse tensions with elites.</li> <li>-Many accusations of election fraud in 1944, but later analyses found no evidence that the instances of fraud would have changed the 2:1 electoral advantage of Picado.</li> </ul>		
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	-Created vitally important Electoral Code and Electoral Tribunal systems, to safeguard future elections from any suspicion of interference.		
<p>April-May 1948</p> <p>Santos León Herrera</p> <p>National Republican Party</p> 	-Interim president for 18 days at height of civil war.		
<p>1948-1949</p> <p>Junta led by José María Figueres Ferrer,</p> <p>National Liberation Army</p> 	<p>-Creation of National Electric Company</p> <p>-Abolition of Army</p> <p>-vote granted to women and Black Costa Ricans</p> <p>-Puts in motion plans to expand the scope of both social security and universal healthcare programs.</p>	-Nationalization of Banks	-Tribunals of Probity
<p>1949-1953</p> <p>Otilio Ulate</p> <p>National Union Party</p> 	<p>-Begins construction of international airport</p> <p>-founds National Production committee</p> <p>-Oversees formalization of Contraloria Nacional, national budget office</p>	<p>-Structure of Central Bank determined</p> <p>-Formalization of Banking autonomy structure in Ley 1644 (1953)</p>	
<p>1953-1958</p> <p>José María Figueres Ferrer</p> <p>National Liberation Party</p> 	<p>-Costa Rican Police begin attending CIA-run School of the Americas in the Canal Zone in large numbers</p> <p>-Somoza/Nicaragua and Calderón supporters invade Costa Rica; Figueres narrowly heads off conflict with State Dept. negotiations, at the cost of guaranteeing cut</p>		

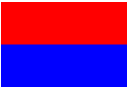

	ties with regional pro-democracy movements that had once supported him.		
<p>1958-1962</p> <p>Mario Echandi</p> <p>National Union Party</p> 	<p>-Calderon Guardia and others return from exile and some run for office.</p> <p>-National highway and road program begun</p> <p>-National clean water program begun</p>	-1961 Sabundra banking scandal	
<p>1962-1966</p> <p>Francisco Orlich</p> <p>National Liberation Party</p> 	<p>-Calderon Guardia runs for president in 1962 and loses.</p> <p>-Managed crisis of yearlong eruption of Irazú volcano.</p>		

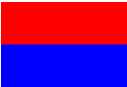
<p>1966-1970</p> <p>José Joaquín Trejos</p> <p>National Unification Party (sequel party to National Union)</p> 	<p>-Aggressively tackled the deficit through implementation of an aggregated tax.</p> <p>-established national sales tax.</p> <p>-governed without a majority in the legislature.</p> <p>-Connected Limon to San Jose by highway.</p>	<p>-Banco Popular y de Desarrollo Comunal founded to provide credit to rural and impoverished communities.</p> <p>-Ley 4:3 begins in 1968 as a plan by some Liberacion deputies to make the banking sector truly autonomous; over the course of the 2 years it is negotiated, it becomes the opposite and passes with bipartisan support.</p>	
<p>1970-1974</p> <p>José María Figueres Ferrer</p> <p>National Liberation Party</p>	<p>-End of US Alliance for Progress funds leads Figueres to open diplomatic relations with USSR in order to sell coffee.</p>		<p>-Initial relationship with Robert Vesco, fugitive US financier, who contributed heavily to NLP and NUP parties in 1974 election, but had personal relationship with Figueres Ferrer</p>

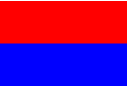
<p>[REDACTED]</p> <p>[REDACTED]</p>	<p>-Re-establishment of diplomatic relationship with Nicaragua, with the son of the previous dictator, Anastasio Somoza Debayle.</p>		
<p>1974-1978</p> <p>Daniel Oduber</p> <p>National Liberation Party</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>-Creation of national park system and incentives for eco-tourism.</p> <p>-development of highway infrastructure, new nationalized industries (eg cement) and a new port on Pacific side.</p> <p>-renewed focus on rural development and poverty.</p>		

<p>1978-1982</p> <p>Rodrigo Carazo</p> <p>Unity Coalition (one-time coalition of National Union, Republican/Calderón, and assorted right parties, organized against NLP)</p>	<p>-Government undermined by worldwide recession</p> <p>-Alienated all political sides by first aiding Sandinistas against Somoza Debayle in Nicaragua, then permitting the dictator to use CR to escape into exile.</p>	<p>-Bet on short recession, and Central Bank borrowed heavily to prop up currency; led to catastrophic levels of inflation.</p>	<p>-Extensive scandals for corruption with respect to Costa Rica's place as a burgeoning narco-trafficking hub.</p>
<p>1982-1986</p> <p>Luis Alberto Monge</p> <p>National Liberation Party</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>-Initiated aggressive austerity plan, along with elimination of subsidies and protective taxes.</p> <p>-In response to heightened US focus on Central America, broke with Sandinistas.</p> <p>-Allowed CIA to set up military operations into Nicaragua in northern CR.</p>	<p>-Turned over small-scale CR private banking sector to US in return for bailout, which used the justification of development funds to create a massive 540 million dollar dark money fund for clandestine activities in Central America.</p>	<p>-extensive corruption scandals surrounding massive influx of American money in Reagan administration initiatives.</p>

	-Accidentally defied the United Nations by raising the national flag in the CR embassy in Jerusalem.		
1986-1990 Óscar Arias National Liberation Party 	-Focus on transitioning Costa Rican agriculture away from dependence on coffee, and increased focus on tourism.  -Receives 1987 Nobel Peace Prize for his efforts to help mediate peace between leftist guerrillas and dictatorships in Central American.		

1990-1994 Rafael Ángel Calderón Fournier Social Christian Unity Party (heir to National Republican Party) 	-Carried forward program of fiscal reform and raising rates of electricity and other utilities to cut spending.  -slashed government employment.  -CR experiences massive boom in tourism.  -Free trade agreement with Mexico		-In 2004 charged and eventually convicted for taking bribes in order to facilitate international company contracts with CR institutions during his presidency.
1994-1998 José María Figueres Olsen National Liberation Party 	-Focus on sustainable development.  -Implements first carbon tax globally.  -Pension cuts led to longest teacher strike in CR history  -Shut down national railway system.	-Implosion of Banco Anglo as a result of decades of corrupt loans, stemming in part from 4:3 law. Admin responded by shuttering bank altogether and liquidating its assets.	-prior to presidency, Figueres Olsen is embroiled in Chemise scandal, around the murder of a narco-trafficker. No conclusive outcome.  -Many charges of corruption and tax evasion leveled at Figueres Olsen for conduct after presidency in Alcatel case, where he received large sums of money he never reported to tax authorities, until it was disclosed by press. Resolved by fine and cleared by NLP-appointed Attorney general in 20017.

<p>1998-2002</p> <p>Miguel Ángel Rodríguez</p> <p>Social Christian Unity Party</p> 	<ul style="list-style-type: none"> <li>-Attempted large-scale privatization and deregulation efforts, but was mostly shut down by unions and other organizations.</li> <li>-In particular, attempt to privatize the electrical utility, with the “ICE combo” resulted in disastrous public relations and strikes.</li> <li>-Activated social conservative and Catholic groups by working to prevent gay and lesbian people from having access to equality.</li> </ul>		<ul style="list-style-type: none"> <li>-After presidency, had to resign position as head of the Organization of American States as a result of the Alcatel scandal and his involvement in it.</li> <li>-Also charged with receiving payments from the Taiwanese government.</li> <li>-Convicted and incarcerated.</li> </ul>
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<p>2002-2006</p> <p>Abel Pacheco de la Espriella</p> <p>Social Christian Unity Party</p> 	<p>-won presidency in runoff against Liberation stalwart Roland Araya, who was regarded as a corrupt candidate relative to Pacheco's apparent gravitas as a TV commentator.</p> <p>-Ran on continued less unpopular parts of Rodríguez agenda, and increasing austerity to cut deficit.</p>	<p>-Reform was focused on a fiscal reform package that acknowledged globalization and applied taxation to residents (and resident corporations) of Costa Rica regardless of the source of the income, as well as a value-added tax. Was also supported by Liberation, but hobbled by insurgent 3<sup>rd</sup> parties like Libertarian Party and PAC, and after three year struggle, was finally shot down by supreme court as having an unconstitutional process.</p>	<p>-While there was a great deal of resentment from the elite classes and corporations targeted by that primary reform measure, accusations of corruption did not play a big role, and instead technical means (by using minority parties in coalition efforts) were used to fight his agenda.</p> <p>-Weakened his administration by expressing official support of the Iraq War, only to see the supreme court again strike it down as unconstitutional and order him to have the country officially removed from list of supporters.</p>
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