Successful and Aborted Democratization in Central America:
Visible and Invisible Politics

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Paper prepared for delivery at the 2003 meeting of the Latin American Studies
Costa Rica and Guatemala are the only countries in Central America that participated in the wave of democratization that followed the Second World War — the “second wave”. In the early 1940s, democratic politics expanded in both countries through the incorporation of previously excluded groups to state politics. This expansion, which took place through different mechanisms in Costa Rica (elections) and Guatemala (military coup), led to a shift in favor of reform policies as new demands incorporated into state politics. The rise of reform coalitions however increased the level of conflict, and social and political polarization culminated in civil confrontation and regime breakdown in both countries (Costa Rica, 1948; Guatemala, 1954). Yet the outcome of this process was different in each country. While in Costa Rica it served to establish the foundations of a modern democracy in Guatemala it prompted a return to authoritarian institutions. What role did strategic factors play in these outcomes?

Drawing in the comparative method of analysis, prevailing explanations of regime outcomes in Central America have tended to stress the role of structural factors. Typically, these comparative works have stressed variations in rural structures, class relations and state institutions to explain differing regime outcomes in Central America. Few of these works, however, have identified the mechanism by which these structures and institutions have shaped the choices affecting regime outcomes. And the few that have succeeded in specifying such a mechanism are too entrenched in the specific realities of the Central American countries to be have cross-border relevance and explain successful and aborted democratization in other countries. In short, some of these works tend to explain “too much” to offer general explanations about democratic success and failure.

At the other extreme, explanations stressing the role of choice and strategic factors in regime outcomes have relied all too frequently on a top-down approach that ignores the specific realities of the countries to which they have applied. At best, this deductive method of analysis has limited these works’ potential for theory-building; at worse, it has generated works that explain “too little”.

This paper combines both the comparative method and rational choice accounts of political phenomena to account for success and failure in democratic transition processes. It draws on the comparison between one positive case (Costa Rica) and one negative case (Guatemala) to construct an argument that accounts for successful and aborted democratization not only in these two cases, but in other countries as well.

In the following section, we discuss inductive-based comparative explanations and deductive-based rational choice explanations of regime outcome. We then present an argument that builds on comparative and rational choice analysis to account for these and other cases of democratic success and breakdown. We then illustrate the argument by discussing the two cases under study – Costa Rica and Guatemala. Finally, we engage in a preliminary discussion that intends to show how the argument can be extended to other cases of democratic success and breakdown.
Comparative explanations of regime outcomes in Central America

Most comparative explanations of regime outcomes in Central America have stressed the role of structural factors. From a structural perspective, one of the most interesting approaches has applied Moore’s arguments concerning the origins of democracy and dictatorship to Central America.¹ These works have looked at class relations associated with the organization of the coffee economy to account for differences in regime outcomes in Central America. From this perspective, military-authoritarian regimes in El Salvador and Guatemala have been associated with the existence of a landed elite and of labor-repressive institutions pervading rural structures in these countries.² Similarly, democracy in Costa Rica has been associated with the existence of an economic elite specialized in coffee processing and export, and of a more egalitarian rural structure based on an ample rural middle-class made of small and medium-size peasants – the so-called yeoman.³

Other more agency-oriented explanations have used coalition analysis to account for the rise of reform coalitions and regimes outcomes in both Costa Rica and Guatemala.⁴ While this approach combines agency and structure elements, it lacks the explanatory power of purely strategic or institutional approaches to regime outcomes. Coalition analysis no doubt provides interesting insights into the process it seeks to analyze, but does not tend to identify the mechanism by which the emergence of different coalitions is linked with specific regime choices.

More convincing explanations have used a path-dependence approach to explain regime outcomes in Central America.⁵ In specifying the mechanism by which structures shape alternatives and influence choice, this approach has the dual strengths of systematically incorporating “past institutional legacies” into the explanation and at the same time showing how they influence regime choices. Thus, by using a path-dependence approach Mahoney (2001) shows how past institutional legacies influenced regime outcomes in Central America. The problem with Mahoney’s approach is that, while it works nicely to explain the origins of different regime outcomes in Central America, it cannot account for recent changes leading most countries to embrace democratization. In short, for all its virtues, a path-dependence approach fails to account for sudden changes that move countries in the direction of either democratization or democratic breakdown.

Strategic explanations of regime outcomes

If inductive-based comparative explanations have little capacity to travel across countries due to excessive attention to country’s specificities, deductive-based strategic explanations have the opposite problem: they travel easily across countries, but at the expense of paying sufficient attention to each country’s peculiarities. Both approaches, therefore, suffer from quite different limitations for purposes of theory-building: While inductive-based explanations tend to be too “specific” to a country’s realities, deductive-based explanations suffer from an overly “general” approach that is not sufficiently sensitive to those specific realities. Moreover, by using a top-down approach, deductive-based explanations tend to select their cases on the basis of how well they fit their models, and this narrows the scope of the questions they can answer. The works of Cohen and Colomer are good examples of how deductive approaches work and of their limitations from the perspective of theory-building.
Cohen’s (1994) work is a good example of how deductive-based explanations work: Cohen selects two cases (Brazil and Chile) that fit the models neatly because of their similarity in both the dependent and the independent variables: Both involve cases of democratic breakdown, and both fit the strategic situation captured by a single-shot Prisoners’ Dilemma. While the strength of Cohen’s work is to show that strategic interactions play an important role (indeed, the ultimate role) in the process leading to regime breakdown, the perfect similarities between the cases do not permit him to identify the mechanism bringing about the relationship between the two variables or to elucidate questions regarding the conditions under which the interactions that he describes will emerge.

Colomer’s (2001) work is somewhat more interesting from a theory-building perspective. He chooses cases that are similar with respect to the dependent variable but different in the independent variable. Hence, his cases all involve successful transitions to democracy (Eastern European countries), but ones that reveal differences in the patterns of strategic interactions leading to these similar outcomes. The differences with respect to the independent variable allow Colomer to explore and seek to identify regularities in the types of elite interactions that are more conducive to successful agreements and pacts. Although it is the more interesting of the two, Colomer’s work, like Cohen’s, cannot tell us the conditions under which interactions that are favorable to democracy are more likely to emerge.

The reason neither work can address these questions is that both select cases that are similar with respect to the dependent variable: Strategic explanations are applied to cases either of democratic breakdown (Cohen) or of successful transitions to democracy (Colomer). By comparing two similar cases (Guatemala and Costa Rica) that lead to different regime outcomes (successful and aborted transitions to democracy, respectively) this paper explores the conditions for favorable elite interactions conducive to democratic and/or authoritarian outcomes.

The argument

This paper argues that elite decisions and strategic interactions are directly influenced by the visibility or invisibility of issues dominating politics. By visible issues we mean low-cost information issues. A visible issue is any policy measure whose effect easily can be understood by the groups that are mostly affected by it -- for example, an agrarian reform or the introduction of a new property tax. Policy issues -- more specifically, distributional policy issues -- tend to be visible issues. However, it is important to keep in mind that not all low-cost information -- i.e., visible -- issues are distributional and that not all distributional issues are visible ones. Hence, by visible issues we mean strictly those issues having low information costs.

If visible issues are those having low information costs, invisible issues are strictly defined as those on the opposite extreme -- i.e., those having high information costs. Invisible issues can also be distributional in nature, but in contrast to visible issues, the distributional effects of invisible issues cannot be as clearly perceived or understood by followers. An example of an invisible issue is institutional reform: While issues of institutional reform -- such as electoral reform -- tend to have important
distributional effects, these effects cannot be as clearly understood by followers unless they make substantial investments in information.

Visible and invisible politics affect elites’ decisions and strategic interactions by increasing or decreasing the importance of the electoral arena – or of followers’ preferences – in the decisions made by elites. The idea behind this assumption is simple. Low costs of information associated with an issue tend to increase followers’ capacity to monitor elite decisions. In turn, this reduces elites’ capacity to make decisions without taking into account followers’ preferences. In other words, when politics is visible, the decisions that elites make are more constrained by followers’ preferences -- or as stated in Tsebelis’ argument, by the electoral arena. Conversely, high costs of information associated with an issue decrease the ability of followers to monitor elite decisions. In turn, elites have greater flexibility to make decisions without taking into account followers’ preferences. Hence, when politics is invisible, elites have greater maneuvering room to make decisions without taking into account the electoral arena.

Visible and invisible politics matter because, by increasing or decreasing the value of the electoral arena in elites decisions, they affect the game elites play in the parliamentary arena. We assume that for any given issue affecting followers, followers and elites have different priorities (structure of preferences). Followers always prefer to be intolerant regardless of what other groups choose to do, while elites do not have a dominant strategy. Elites prefer to be intolerant if the other is willing to compromise. However, in contrast to followers, they prefer to compromise if the other chooses to be intolerant. Thus, the structure of preference of followers resembles that of a Prisoners’ Dilemma (T>R>P>S) or a Deadlock (T>P>R>S) depending on how strongly followers feel about the issue at hand, while the structure of preferences of elites resembles that of a chicken (T>R>S>P).

Depending on the extent to which followers’ preferences figure into elites’ decision, elites will be playing one game or another. The lower conspicuous the followers, the greater the chances that elites will play chicken (their own preferred game) among themselves. The more conspicuous the followers, the greater the chances that elites will play Prisoners’ Dilemma or Deadlock among themselves. Because the extent to which followers figure into elites’ decisions varies according to the relative visibility or invisibility of issues, these factors also indirectly determine the type of game elites are more likely to play among themselves.

The role of followers in elites’ decisions determines not only the type of game elites will play among themselves -- chicken, PD or Deadlock -- but also whether the game will be played in one choice (single-shot) or in an series of choices (an iterated game). The more conspicuous the followers in elites’ decisions, the greater the chances that the game will be played in a single-shot. Conversely, the less conspicuous the followers in elites’ decisions, the greater the likelihood that the game will be played in a series of choices (iterated). Thus, the visibility or invisibility of issues influences the game elites play among themselves by increasing or decreasing the chances that the game will a single-shot or an iterated game.

In the following pages, we apply these ideas to the cases of Costa Rica and Guatemala. We show that where invisible issues -- such as issues of institutional reform
dominated politics, the type of game elites played among themselves was an iterated chicken. Conversely, where visible issues -- such as those involving distributional policy issues -- dominated politics, the type of game elites played among themselves was a series of single-shot deadlock games.

THE CASES

Costa Rica

*Reassessing the origins of civil war*

The traditional historiography of Costa Rica has characterized the events leading up to the 1948 civil war as the inevitable outcome of class polarization and class conflict following the rise of a reform coalition in 1942. In short, this body of literature claims that the alliance between the National Republican Party (PRN), the status quo party, and the Popular Vanguard Party (PVP), the Costa Rican communist party, gave rise to a reform coalition that provoked strong opposition from the traditional conservative classes (landlords, bankers, coffee processors and exporters) and, although less predictably, from certain progressive sectors of the middle classes. As the governmental alliance between Calderonistas and communists renewed its control over state power in successive legislative and presidential elections, the opposition -- comprised of the conservative National Union Party (PUN) and the reform-oriented Social Democratic Party (PSD) -- became increasingly radicalized. Two factors generally are put forward in the literature to explain the growing social and political polarization in Costa Rica during these years: a) the policies of social reform implemented by Calderon government and b) the growing influence of the communists within the government -- as shown by its percent share increase in the legislature, from 5 in 1942 to 29 percent in 1946.

The assumption underlying this particular view of the events in that policy issues were the driving force behind the country’s social and political polarization and, subsequently, the outbreak of civil war. However, this line of analysis is, at best, doubtful. Works supporting this analysis do not provide sufficient persuasive evidence to support its thesis, and the few pieces of evidence they do put forward in many instances tend to contradict the very interpretation they are trying to prove.

For example, most of these works tend to assume that the oligarchy opposed the government because it was badly hurt by Calderon’s social and economic policies. But none of these works explores systematically the content of these policies nor how they affected the interests and the behavior of the oligarchic sectors they were supposed to affect. Moreover, the scant evidence supplied by these works tends to show that these policies had only mixed effects. For instance, Calderon’s government (1940-1944) enacted some progressive legislation in the social realm. The best examples of this were the social security law (1941) and the Labour Code (1943), which guaranteed minimum labor conditions to workers and entitled them to organize. But in the economic realm, Calderon promoted the private sector with fiscal exemptions for new industries and suppression of national and municipal taxes over coffee exports (Bell, 1986, p. 43; Rojas Bolaños 1986: 49-51 and Bulmer-Thomas 1987: 91, quoted in Yashar, 1998, p. 76).
In 1946, the head of the second reform administration (1944-48), Picado, introduced a bill imposing a series of income and property taxes. The adoption of this bill led the opposition to organize a national strike that partially paralyzed commercial life for several days. The literature defending the class-struggle argument has described the 1947 national strike as the high point of social tensions arising from the class conflict subtly unfolding in Costa Rica throughout those years. Yet in the midst of that conflict, the oligarchy, through different business organizations, adopted a more conciliatory position than did certain hardliners from the Social Democratic Party. In fact, during the strike, the least conciliatory sectors in the opposition belonged primarily to the Social Democratic Party (Bell, 1986: 163; Lehoucq, 1991: 54). Hardliners from the PSD, among them Figueres, sought to persuade the private sector not to comply with the new legislation. But the Chamber of Commerce contravened this advise by declaring at its first general assembly of 1947 that “it would not adopt illegal or violent tactics in its efforts to have the new tax laws repealed” (Lehoucq, 1991, p. 50).

What these developments show is that the economic policies carried out by the reform coalition probably did not hurt the interests of the private sector as much as has been thought. At best, these policies had mixed effects on these interests (Lehoucq, 1991: 49). These developments also shows that the oligarchy did not confront these policies as radically as the mainstream literature has led us to believe. We will seek to demonstrate that what the central issues during the 1947 strike were not policy-oriented, as the literature has been arguing, but rather of a very different kind.

Finally, the line of argument that emphasizes class conflict and policy issues as the driving forces behind civil war is unconvincing, both because it lacks sound empirical evidence and because it cannot explain either the choices or the political behavior of elites during this period. In particular, this interpretation cannot account either for the political alliances forged during this period or for the strategies and choices of the different parties. From a policy-issue perspective, there is no explanation for the alliance between the mild reformers of Calderon’s party and the radical reformers of the communist party. Nor is there any explanation for the opposition of progressive and reform-minded middle-class sectors that joined the conservative economic sectors of the oligarchy to fight against a reform government. Finally, from a policy-issues perspective, it is puzzling indeed that the most radical opposition to the government happened to come not from the more distant conservative sectors of the oligarchy, but from those sectors that were closer to the government in the policy dimension.

There is, however, another interpretation of the events leading up to civil war in Costa Rica that is both more consistent with the evidence at hand and more useful in clarifying the choices and behavior of political elites during these period. This interpretation tends to stress institutional factors as the salient issues leading to political polarization and civil war in Costa Rica. This institutional focus tends to see the process leading to political democracy as a struggle between political forces to control state power. During most of the 19th century, the struggle to gain and retain control of the state apparatus was a violent one: Presidents were designated and deposed through the use of force. Only after the government of Tomas Guardia (1870-1882) did political elites begin to rely on the ballot box to select key public officials. But even after Guardia’s period, violence and fraud dominated political life. Between 1882 and 1938,
only 5 of 18 presidents were selected in fair, non-fraudulent elections. During this period, opposition factions organized 21 insurrections against central state authorities (Lehoucq, 1996: 338). Thus, even though elections gradually became the principal mechanism for selecting and replacing state officials, acceptance of their results did not begin to take hold until well into the 20th century.

Lehoucq (1996) has argued persuasively that the levels of violence and fraud surrounding elections were increased by the institutional arrangements crafted in the 1871 Constitution. The Constitution endowed the executive with excessive powers and tended to sanction strongly unbalanced legislative-executive relations. Because of this concentration of powers in the executive, capturing the presidency became essential to controlling the key repositories of state power. This lopsided concentration of power in the executive helps to explain why the stakes were so high and why so much tension and violence characterized the electoral process. It also provides further support for the argument that politicians began to comply with the results of the ballot box through a serious of political transactions that established power-sharing mechanisms and thereby tended to reduce the stakes in each election.

From 1910 to 1936, a series of institutional reforms adopted by reform-minded presidents enhanced electoral guarantees for the opposition at the same time that they lowered the stakes in each election by reducing the discretionary powers of the presidency and by creating mechanisms to compensate the losers of the electoral contest with a share of state power. The principal reforms consisted of dismantling the Permanent Commission and restricting the ability of the chief executive to declare states of siege (1910); reducing the discretionary powers of executives in the electoral process by having the President of the Electoral Assembly be elected by lot from among three candidates nominated by the Superior Justice Board and by allowing opposition parties to participate in all electoral juntas (1908, 1909); and by lowering the necessary threshold to be elected president (in series of constitutional amendments passed in 1926 and 1936). Two other important electoral reforms passed in 1925 and 1927 reduced the opportunities for incumbents to commit fraud by putting measures in place that guaranteed the effectiveness of the secret franchise, creating a registry of voters, and creating the Grand Electoral Council (GEC) to supervise all aspects of the electoral process.

Despite these reforms, by the beginning of the 1940s “existing laws still permitted incumbents, majority parties and local political machines to bolster the electoral standing of candidates of their liking” (Lehoucq, 1996: 349). The lax requirement that voters exhibit photographic identification on election day, along with a provision that allowed citizens to cast absentee ballots in districts where they did not reside, permitted governments and political machines to increase the level of support of their candidates and to decrease those of their opponents. The absence of electoral guarantees for the opposition at a time of increasingly intense political conflict created the right conditions for the radicalization of political forces. The rise of the reform coalition may have contributed to the polarization of the political forces by intensifying conflict and increasing the stakes involved in mid-term legislative and presidential elections. But, as we will attempt to show, political polarization during this period revolved around electoral guarantees for the opposition.
Calderon won the presidential election of 1940 with a comfortable 85 percent of the vote. Two years later, in 1942, Calderon’s National Revolutionary Party (PRN) formed an alliance with the communist party, the Popular Vanguard Party, for purposes of the 1942 mid-term legislative elections. While both the 1940 and 1942 elections were free of fraud allegations, such allegations returned with particular ferocity in the elections of 1944 and 1946. In 1944, accusations of fraud increased by 30 percent over 1942. By 1946, the number of allegations of electoral fraud were more than double the average number between 1901 to 1944 (Lehoucq and Molina, 2000: 149).

During these years, both the nature and geographic distribution of fraud changed in interesting ways. Initially concentrated in the peripheral districts (Limon, Puntarenas, Guanacaste), the locus of fraud shifted to the center districts (San José, Cartago, Heredia, Alajuela). In addition, fraud, once attributed primarily to logistical problems, now adopted a more coercive character. The explanation for these changes has focused on the will of incumbent parties to retain power. Because the governmental alliance dominated the periphery, where banana and Indian workers were concentrated, the only way to maintain power was to fabricate votes in the center districts (San José, Cartago, Heredia, Alajuela) where a white, homogeneous and highly cohesive population resided. But one thing was to fabricate votes in the poor and marginal districts of the periphery; it was quite another thing to do it in the white, cultured and highly cohesive districts of the center. The redistribution of fraud from the periphery to the center helps explain why political competition created such intense polarization during the 1940s. Flagrant violations of the electoral law by incumbents scandalized the white and cultured population of the center districts and helped to nourish armed rebellions and insurrections promoted by radical sectors of the opposition.

In this context, characterized by growing opposition to the government and the threat of civil war, Picado endorsed legislation to eliminate the presidency's discretionary authority over the electoral process. In 1946, the bill creating the 1946 Electoral Code was passed with the support of the newly elected legislature. The bill replaced the Grand Electoral Council (GEC), which was controlled by the executive, with a semi-autonomous judicial body, the National Electoral Tribunal (TNE), as the entity responsible for the administration of the entire electoral process: voter registration, polling station and the counting of ballots. The 1946 Electoral Law also created a new electoral registry responsible for compiling accurate lists of individuals and enforcing the requirement that voters exhibit photographic identification. The 1946 electoral reform also reduced the barriers of entry to Congress by extending proportional representation (PR) to all districts and by introducing the remainders method to allocate the reminder seats.

Despite these important reforms and the electoral guarantees that they provided to the opposition, small groups of hardliners within the opposition -- such as Figueres and other members of the Social Democratic Party -- continued insisting that the government would never relinquish power if it lost the elections. These hardliners tried to block all efforts by the moderates to work out a “transacción” with the government. The 1947 strike provided the radical sectors with an opportunity to show their intolerance, and managed them to extract even more concessions from the government.

Traditional historiography has depicted the national strike of 1947 as the most important event supporting a class-based interpretation of events. The strike was
organized by the opposition as a response to the income and property taxes adopted by Picado in 1947. Yet the negotiations to end the strike show that it was really about something else. As its condition for ending the strike, the opposition demanded that the government provided greater electoral guarantees for the 1948 elections. The Picado government accepted that the opposition should elect all three officials in the National Electoral Tribunal and that this body should have the final say over election results.

This interpretation of events, stressing the centrality of institutional issues, is both supported by the available evidence and able to account for the choices and strategies of political actors during this period. By emphasizing the role of political struggle in capturing state power, this interpretation accounts not only for the alliances forged during this period but also for the strategic preferences of actors. Through this perspective, for example, one can explain the puzzling strategies of the different opposition factions – the radical and moderate wings. In particular, one can explain why the radical wing was closer to the government in the policy dimension while the moderate wing was situated further away to the government in the same dimension. The one possible explanation is that moderate and radical strategies within the opposition were clearly not shaped by policy preferences but by calculations about the probabilities of winning through the existing institutional framework.

The game among political elites

It is our argument that, when invisible issues such as those involving institutional reform dominate politics, the following happens: Followers lose their relevance to the decisions made by elites, and the later engage in interactions and play games (such as chicken) that tend to increase the scope for cooperation. The decreasing influence of followers in elites’ decisions has another effect in the type of game that elites play: The game is not played in one choice (single-shot) but in a series of repeated choices (iterated game). These characteristics faithfully reflect the type of game that elites played in the wake of civil war in Costa Rica.

A chicken game has the following structure of preference: Players prefer in the first instance not to cooperate, and then to cooperate when the other cooperates. But, in contrast to the PD, they prefer first to cooperate and then not to cooperate when the other player chooses not to cooperate. Formally, the structure of preferences of a chicken is: T>R>P>S. In contrast to the Prisoners’ Dilemma, in which players prefer mutual confrontation to being exploited, in a chicken game, players prefer being exploited to mutual defection. Hence, in a chicken game the worse possible outcome for players is mutual confrontation. Since in a chicken game players do not have a dominant strategy, the best responses will depend on players’ beliefs about the other’s probable moves: If they think the other is going to choose to be intolerant, they will choose to cooperate. Conversely, if they believe the other is going to choose to cooperate, they will choose not to cooperate. A chicken game thus has two equilibrium points (T,S) and (S,T) (see Figure 1).
However, if we relax the assumption of independent strategies and allow for conditional cooperation the outcome of the game does not necessarily have to coincide with the equilibrium points and it may well be mutual cooperation. Moreover, if conditional strategies are allowed in every game of cooperation, the likelihood of cooperation is always greater in a chicken than in a Prisoners’ Dilemma. In any event, for every game except deadlock -- where cooperation is not possible -- the likelihood of cooperation depends on the values of T, R, S and P. Tsebelis (1990) has formally demonstrated that the greater the values of T and P, the lower the likelihood of cooperation for every game. Inversely, the greater the values of R and S, the greater the likelihood of cooperation for every game.

We assume that all players in Costa Rica had the preference structure of a chicken game: T>R>S>P. But not all players attached the same values to the outcomes of the game. Depending on the values they assigned to T and P and to R and S, we may classify players as either “hardliners” and “moderates”. We classify as hardliners those players who attach great value to their first preference T (relative to their second preference R) and who are willing to assume high costs to get T. We classify as moderates those players who attach less value to their first preference T (relative to their second R) and who are not willing to assume costs to get the outcome they most prefer. Because hardliners are willing to assume higher costs than moderates to obtain their first preference, we say that they are “credibly committed” to the strategy of intransigence.

The combination of different players playing chicken produces different types of games, and increases or decreases the likelihood of a particular outcomes. If the game is played by symmetric players who are both hardliners, and the game is iterated, we may be facing a war of attrition. In a war of attrition, the game is played through the use of signals designed to shape beliefs about the threshold of resistance of each player (Sánchez Cuenca, 2001). If the game is played by symmetric players who are both moderates, the outcome may vary between mutual cooperation to taking turns in the strategies to cooperate and to defect. Finally, if the game is played by asymmetric players – one hardliner and the other a moderate player -- the hardliner very possibly will be able to impose the outcome it most prefers on the moderate and the outcome of the game will be (T,S). This is so because the hardliner has an important advantage over the moderate: Since he is willing to pay a higher price to obtain the outcomes he most prefers, he is also “credibly committed” to playing the strategy of intransigence. The “commitment” of one player (the hardliner) to playing the strategy of intransigence...
forces the other (the moderate) to play the strategy of compromise if he wants to avoid the worse possible outcome: mutual confrontation.

In the following passages we show that two different chicken games were played by political elites in Costa Rica in the wake of the civil war. The first game was played from 1944 to 1946 by moderates from both sides in the government and in the opposition (see Figure 2). The game between moderates from both sides could have produced an outcome of mutual cooperation had Cortes, the moderate leader of the opposition, not died unexpectedly in the aftermath of the 1946 election.

Figure 2:
Chicken game between moderates

<table>
<thead>
<tr>
<th>Moderates</th>
<th>C</th>
<th>D</th>
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<tbody>
<tr>
<td>C</td>
<td>R,R</td>
<td>S,T</td>
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<tr>
<td>D</td>
<td>T,S</td>
<td>P,P</td>
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The second game was played by moderates from the government side and hardliners from the opposition side (see Figure 2). In a first stage of the game, players chose to take turns and alternate strategies of cooperation and defection. Picado adopted the 1946 Electoral Code and accepted the opposition’s demands to control the National Electoral Tribunal. However, in the face of numerous allegations of irregularities, the majority party in Congress decided to annul the electoral results of the 1948. In a second stage of the game, between Congress’ announcement of March 1 and the outbreak of fighting, moderates on both sides engaged in secret negotiations that could have moved the outcome of the game to mutual cooperation. But the unilateral decision by hardliner José Figueres to take up arms while sectors of the government and the opposition were trying to reach an agreement moved the game to the equilibrium point in the upper-right cell (T,S).

Figure 3:
Chicken game between moderates in the government and hardliners in the opposition

<table>
<thead>
<tr>
<th>Hardliner</th>
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<tr>
<td>C</td>
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<td>D</td>
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From 1944 to 1946, moderates in the government and opposition made several attempts to effect what was often called a *transacción* (Lehoucq, 1991, 54). In 1944, in the aftermath of elections, the newly elected president, Picado, and the leader of the opposition, Cortes, tried to agree on a candidate acceptable to both parties. These contacts did not bear fruit in 1944. But in 1946, in the wake of the mid-term legislative elections, both parties sought to initiate new contacts that, in the view of many observers, probably would have produced an agreement had Cortes not died unexpectedly in the aftermath of the elections (Yashar, 1998: 176).

Cortes did not only try to reach a compromise with the government. On one occasion before his unexpected death, he even stressed publicly that the use of military might was not a feasible option and that the only reasonable strategy was to negotiate an agreement with the government.22

After Cortes died, the opposition came to be headed by politicians --such as Otilio Ulate Blando, and especially José Figueres -- with slightly more radical preferences than Cortes.23 Under the pressure of a radicalized opposition and the threat of civil war, Picado adopted the 1946 Electoral Code (see previous section).

In 1947, business organizations protested against the bill imposing new income and property taxes. The government responded to these protests, which were organized by the opposition, with police repression. The government’s hard-nosed response prompted the opposition to organize the national strike. Radicals from the Social Democratic Party were especially active in the strike, pressing business organizations not to comply with the new legislation. However, as we saw in the previous section, the Chamber of Commerce decided in its first general assembly that it would not do anything illegal or violent to have the new tax laws repealed.

In the negotiations to end the strike, the intransigent strategy adopted by hardliners in the opposition was met with a cooperative strategy by the government. Picado gave in to the opposition’s demands, allowing it to appoint all three members of the National Electoral Tribunal and giving the tribunal final say in election results. This gave the opposition total control over the electoral process. But not all sectors of the government agreed with Picado’s cooperative strategy. In late August of 1947, certain elements within the military attempted to assassinate the Minister of Public Security, Rene Picado (President’s Picado brother), in an effort to provoke an internal coup against a government that was seen as granting too many concessions to the opposition (Lehoucq, 1991: 14).

But even after hardliners gained some strength, moderates remained strong on both sides. In fact, beginning months before the elections of February 1948 and continuing until fighting broke out on March 15, two games were played simultaneously: the first one between moderates from the government side and moderates from the opposition side, and the second one between hardliners from the opposition side and moderates from the government side.

In the months preceding the elections of February 1948, rumors abounded that certain members of the government and the opposition were conducting negotiations to
avoid the armed confrontation that many feared might occur. These negotiations did not have a happy ending, and elections finally were held in February 1948.

On February 8, elections went forward in an atmosphere of political polarization, violence and intrigue (Yashar: 1998, p. 179). The PRN and PVP, both members of the governmental alliance, put up competing slates for the legislature but united around Calderon’s candidacy in the presidential election. The opposition formed by the PUN and the PSD also drew up competing slates for the legislature and united around the candidacy of Otilio Ulate Blanco for president.

Vote-counting irregularities, together with rumors that pro-government voters had been denied the right to vote, prompted several leaders from the governmental alliance, including Calderon, to accuse the opposition of widespread fraud. The allegations were taken before the National Electoral Tribunal, but the tribunal refused to accept them. From that moment, up until the day the TSE was expected to announce the results, tension and distrust only grew, fueled by further reports of irregularities.

When the TSE finally announced the results, it declared Otilio Ulate the winner with 51,000 thousand votes (Calderon obtained 41,000 thousand votes). Because Congress had the exclusive legal authority to ratify the results, and because it was the only institution competent to evaluate the fraud allegations, the final decision over the results fell to the legislature. Dominated by the same parties making the fraud allegations, the legislature decided on March 1 to annul the results of the presidential election.

From the day the election was held to the day the TSE announced the results, Lehoucq (1991) counts at least three or four initiatives, including one by the TSE, to mediate the conflict between the government and the opposition. Even after Congress annulled the results on March 1, both Archbishop Sanabria and the Association of Bankers worked around the clock to reach an agreement. By the end of March, after fighting had begun, they agreed on a consensus candidate for president. However, from the moment Figueres made the decision to fight, the game being played by Costa Rican elites was one between hardliners from the opposition side and moderates from the government side.

Fearing the spread of civil war, Picado took less than four weeks to initiate negotiations with the opposition aimed at ending the armed confrontation. By committing himself credibly to use of force, Figueres quickly moved the outcome of the game to the equilibrium point in the upper-right cell (see Figure 3).

*The pact for democracy*

The end of civil war in Costa Rica gave way to a series of agreements. The first set of agreements was reached by the government and the opposition to end the civil war. The second set of agreements was reached by the leaders of the two opposition factions, Ulate and Figueres.

The agreements between the two opposition parties had two moments. In the first moment, the two leaders agreed on procedures by which the country would return to its normal institutional life. This moment led to the Ulate-Figueres pact, which was
signed on May 1. In the pact, both leaders agreed to share power in the following way: Figueres would rule for the first 18 months through a revolutionary junta and without Congress. Ulate then would take over for a four-year term as president. The pact also provided that, during the rule of the revolutionary junta, elections would be held for a Constituent Assembly that would be responsible for crafting a new Constitution. The second moment of the agreements between the two opposition factions took place through a series of transactions and agreements that provided for the crafting of the new Constitution in 1949 and laid the foundations for Costa Rica’s modern institutional democracy.

Again we are confronted with two different accounts of the post-war agreements, depending on whether the conflict leading to civil war is interpreted as driven by policy or by institutional reform. In general, “policy-driven” accounts of the civil war tend to stress the policy decisions made by Figueres during his term in the revolutionary junta and to minimize the political agreements and transactions relating to institutional reform that took place during the constitution-making process in the Constitutional Assembly. As is well known, Figueres made a series of policy decisions during his term in the revolutionary junta that greatly expanded the scope of state intervention in the economy. These measures included the nationalization of banks, the imposition of a 10-percent tax on capital gains, the creation of the Costa Rican Electric Institute, and the transformation of the Coffee Office to give the state a greater role in regulating coffee prices. The striking character of these measures, especially given that they were accompanied by the abolition of the military and by harsh repression against members of both the communist party and the unions with links to the party, have been taken as evidence that policy was a central dimension in Costa Rica’s civil war.

Yet focusing on these decisions as evidence that civil war in Costa Rica was policy-driven is at best problematic. In fact, this evidence raises more questions than it answers. For example, why would sectors of the opposition -- especially the conservative sectors of the oligarchy -- fight against Calderon’s reform policies only to end up accepting the much more radical program of reforms imposed on them by Figueres? In other words, if policy was the driving force behind the opposition’s fight against Calderon’s reforms, how can one explain that the outcome of the civil war was a radical program of reforms? Moreover, the assumption that policy was the salient factor in the conflict leading to civil war would seem to turn one sector of the opposition into complete losers. This raises a nagging question: How can democracy be the outcome of total defeat and total victory for the two key negotiating actors?

Puzzled by this outcome, but unable to question the central assumptions behind the puzzle, Yashar (1998) offers the following explanation: The oligarchy accepted the radical program of reforms imposed by Figueres in exchange for elections (p. 105). But the assumption that the oligarchy (or the sector of the opposition representing its interests) traded its first preference in the dimension it valued most (policy) for its second preference in a dimension it valued less (democracy) not only is unconvincing but also runs counter to the conventional wisdom regarding how pacts are made. Thus, unless we question the central assumption underpinning most accounts of Costa Rica’s civil war and admit that policy was not the driving force leading to conflict, we cannot solve the puzzle of why the outcome of the civil war turned against the very interests it supposedly was trying to protect.
In contrast, an account that stresses political calculations and issues of institutional reform as the driving force leading to conflict allows us to solve these puzzles and finds some interesting support in the post-war agreements. If we assume that conflict was driven not by policy and class interests but by the calculations of political elites who wanted to maximize gains and minimize losses, then our focus shifts from policy decisions to issues of institutional reform and we should find evidence that these issues of institutional reform were addressed in the 1949 Constitution.

In fact, the Constitutional Assembly elected in December 1948 became the principal forum for political agreements and transactions regarding institutional issues. In elections to the assembly, Figueres’ party, the Social Democratic Party, won a minority of votes. As a political party, the PSD had been very active but never very successful in attracting votes. In contrast, Ulate’s party, the National Unification Party (PUN), gained a majority of votes and significant representation in the assembly. The majority won by the PUN in the assembly gave the traditional political class, not the newcomers, the greatest influence in shaping the new institutional order.

The PUN’s majority rejected a draft constitution prepared by the Junta that would have expanded the role of the state in social and economic matters. Addressing the issues of most concern to the majority party, the Constitutional Assembly established power-sharing mechanisms that redistributed power among the branches of government. The Constitutional Assembly strengthened the powers of the legislative and reduced those of the executive by restricting the executive’s decree-making powers. The powers of the legislative were expanded by increasing the time that the Legislative Assembly remained in ordinary session to six months. During this period, both branches of government could send bills for consideration by the assembly. The new constitution also adopted parliamentary procedures: It empowered the legislative to conduct investigations of cabinet ministers and to subject them to censure by a two-thirds vote.

Finally, the Constitutional Assembly consolidated the electoral reforms enacted during Picado’s term. In this respect, the most significant institutional reform was the creation of the Supreme Tribunal of Elections. To protect this body from partisan manipulation, the assembly decided it should consist of three magistrates and three alternates, each of whom would serve for a period of six years and would be elected by a two-thirds vote of the members of the Supreme Court of Justice. Made into a branch of government, the Supreme Tribunal of Elections is solely responsible for all the details of the electoral process.

Guatemala

Visible versus invisible politics.

Resembling Costa Rica, democratic breakdown in Guatemala in 1954 can be explained as the result of a struggle to control state power by political forces. However, in contrast to Costa Rica, the events leading up to democratic breakdown in Guatemala can be better understood if we place policy issues at the core of political conflict. In other words, political conflict in Guatemala was based on visible issues and not on
invisible ones. We already know that due to this fact, the game among political elites is affected to a greater extent by the radical preferences of their respective followers (in Tsebelis’ terms, the structure of the game played by political elites in the parliamentary arena is modeled by the value – higher or lower -- of the electoral arena –i.e. the game being played by political elites and their followers). As previously stated, policy issues – specifically, distributional policies - are easily understood by those groups directly affected by them. The low information costs associated with these issues explains why these groups show a preference ordering in which the first preference is intensively preferred. This fact reduces the room for cooperation between political elites because they have to take into account the preferences of their followers: Followers are well informed about the consequences associated to the issues being discussed and this increases their capacity to monitor elites’ decisions. Thus, by stressing the visibility of politics, it is possible to understand the breakdown of democracy in Guatemala as a result of strategic interactions among political elites. Besides, we can explain why the breakdown of democratic institutions in Guatemala prompted the return to dictatorship.

In contrast to Costa Rica, from the liberal period in the late 19th century up to 1944, the game played among political elites did not take place within the framework of political institutions. Political conflict – mainly defined by the position of the political actors with respect different policy issues - was not channeled through the existing institutional setting; it took the form of direct and pure conflict between political adversaries. Political struggle took place through the use of violence, with governments being imposed and deposed by elites (with the support of the army) through military coups until another coup would put them out. Thus, up to the 1940s, the most important mechanism for the selection and replacement of governments was the coup d’état (between 1900 and 1944, there were up to 34 dictatorships and only two elected governments in the twenties – Villagrán, 1993, p. 23). This hindered the development of a political tradition that relied on competitive institutions to select and replace governments. True, regular presidential and legislative elections took place throughout this period, but these electoral processes could be termed as “authoritarian elections” since they did not accomplish the democratic minimum standards: There were severe limitations of individual political rights, restrictions to candidate registration, electoral fraud and coercion. In fact, elections were presidential plebiscites. Once in power, presidents (mostly military ones) exercised absolute power: Through their control of the executive power and the state apparatus, they implemented policies which satisfied the preferences of elites that had previously supported the coup. Thus, in Guatemala, politics was not institutionally articulated. Strictly speaking, electoral and parliamentary arenas had no institutional reference -- such as democratic elections and an open legislative chamber --; in fact, they stood for the relationship between elites and followers, and among political elites themselves. Even after the “October Revolution”, political actors discussed issues that were not related to institutional design – such as what type of democratic institutions to build -- but to the scope of policies being implemented.

Obviously, the army played a fundamental role in this game among political elites. In fact, the army was a “political actor” in the sense that it helped to define policy issues according to its own preferences. According to Geddes (1990), the military has no policy preferences beyond the issues affecting its corporate interests. This is explained because the military forces are mainly concerned both with the survival and the efficacy of the army itself and guaranteeing the institutions’ autonomy from civilian
intrusion – for example, in issues affecting the definition of the army hierarchy, the discipline and the promotion of its members, etc. In sum, the army has a strong corporate interest. In other words, the military is not interested in holding office per se, but only in preventing the rise to power of groups whose policies they perceive be to a threat to its corporate interests. However, this is not even a sufficient condition for military intervention. In fact, inside the army a game of pure coordination is played (the Battle of Sexes game). In this game, different military factions have to decide whether to join a coup or to stay in the barracks. Assuming that a severe split within the military is the worse possible outcome for this actor, the equilibrium in this game is either a military coup – if the minority faction expects the majority faction to join the coup – or the whole army remaining at the barracks. Once an equilibrium point is achieved, no faction has incentives to move away from it.

The personal dictatorship of Jorge Ubico (1931-1944) was the last authoritarian government before the “October Revolution.” As previous dictatorships, Ubico’s regime survived and lasted because it adopted policies which satisfied the interests of several political players – the army, the agrarian elite and certain sectors of the emergent middle-classes. Ubico pleased the military by guaranteeing high levels of political autonomy to the army; the agrarian elite, by enacting legislation that reinforced labor-repressive institutions in rural Guatemala; and the emergent middle-classes, by adopting economic policies that both promoted economic growth and expanded social welfare. Despite counting with broad support from this groups, throughout the 1930s, the regime evolved to be an increasingly personalized and centralized regime. Parallel to a process of growing concentration power and personalization of the decision-making process, the regime moved towards Ubico’s ideal of building a militarized society. As a result, when conditions turned against Ubico by the late 1930s, the regime increasingly relied on the use of repression to combat organized opposition.

In the second half of the 1930s, the emergent middle classes started to suffer the consequences of both economic crisis and Ubico’s anti-inflationist policies implying a reduction of public expenditure. These sectors started to perceive that their economic welfare was hindered by growing centralization of political and economic decisions. The agrarian oligarchy also progressively removed its support to the dictatorship. The agrarian elite had been excluded from the decision making processes from the beginning. While the “exchange” of political exclusion for favorable policies worked quite well at the beginning, with the passing of time the costs of being excluded from the political process increased; the oligarchy depended more and more upon Ubico’s personal decisions for the satisfaction of their preferences. For instance, the Vagrancy Law of 1934 included provisions that, by granting the state a key role in allocating Indians among competing landowners, caused a real loss of control over the labor force in plantations (Gleijeses, 1991, p. 14). Finally, a sector of the military (mainly young officials) decided also to join the opposition against the regime because political criteria prevailed over professional criteria for their career promotion within the army. This political patronage reduced the autonomy of some of the most important position within the army – such as generals. Along with these defections, rural and urban workers also expected to benefit from joining the opposition against Ubico – since in fact they were the main victims of the regime. With such a situation, the status quo no longer could be maintained.
However, the reform coalition could not gain access to state power through competitive elections. Thus, it felt necessary to overthrow Ubico. Throughout 1944, several demonstrations and strikes took place among students and teachers, who asked for reforms at the university. The oligarchy also joined the opposition movement through the “Memorial of 311” where for the first time it asked for political reforms. Confronted with growing opposition, Ubico resigned on July 1 of 1944. He left office offering no fight and “deeply disillusioned and hurt with the realization that the majority of the country was against him” (US Ambassador reporting to Secretary of State, cited in Gleijeses: 26). After Ubico’s resignation, a triumvirate composed of Generals’ Federico Ponce (who was appointed provisional president by the legislative on July 4, 1944), Buenaventura Pineda and Eduardo Villagrán was established. After a short period in which it seemed that the regime was liberalizing (the constitution was restored, a political amnesty was declared, the political parties and unions were legally allowed, elections were promised to be held in December…), Ponce’s government began a repressive policy in order to assure his victory at the presidential elections. This repressive spiral ended with the assassination of A. Córdoba, the director of El Imparcial, the main newspaper channeling opposition to the regime. During this brief period, the political parties playing a key role throughout the reformist years were formed: FPL (Popular Liberation Front), RN (National Renovation).

On October 10, 1944 former Captain Jacobo Arbenz and Major Francisco Arana (chief of the Honor Guard - the only army division with tanks) along with 2000 civilians (mainly armed students) attested a military coup that initiated the reform period. As expected, no opposition was presented by the rest of the army. Captain Jacobo Arbenz, Colonel Francisco Arana and Guillermo Toriello (an upper-class civilian) formed a provisional Junta that revoked the liberal constitution, dissolved the assembly dominated by Ubico’s Partido Liberal (PL) and prepared the elections for the constituent assembly (3, 4 and 5 of November) which, in turn, would set the presidential elections of 17, 18 and 19 of December.

The initial cooperation between political elites

After the presidential elections, on March 15, 1945, Juan José Arévalo Bermejo took over the Presidency. Arévalo won the elections with a comfortable 85 percent of the suffrages. Arévalo – an exiled middle class professor - personified the whole reformist movement and was the candidate of both the RN and the FPL (that later on merged to form the PAR – the Revolutionary Action Party). The legislature was also exclusively dominated by the reform forces (the FPL, RN, PAR). Because the oligarchy traditionally had relied on the army to protect its interests it did not have a political party through which to channel its policy preferences. This hindered the ability of the oligarchy to obtain representation in the assembly and limited its influence in the institutions of the new regime to the personal links with Jorge Toriello – the only civilian member of the Junta. In order to guarantee the loyalty of the army, the arbiter of the country’s political life, the new constitution granted autonomy to the army through the creation of the Superior Council of Defense. This body, besides acting as the Court of the armed forces, was responsible for the nomination of three candidates among which the President had to select the Chief of the Armed Forces. The Chief of the Armed Forces was a newly created military position responsible for controlling the key issues that affected the army’s internal organization: promotions, destinations... The commander-in-chief of the armed forces was still the President of the Nation, whom...
supposedly ruled the army through the Ministry of Defense (Arbenz) and the Chief of the Armed Forces (Arana). With these constitutional provisions, the army gained autonomy and, in order to avoid its political use, it was free from any effective direction coming from the president.

Initially, cooperation existed between the head of the civilian government, Arévalo, and the Chief of the Armed Forces, Arana. This cooperation was quite informal at the beginning but it took a more formal stance after Arévalo suffered a car accident in December 1945. After this accident, Arena and the leadership of the main reform party, the Revolutionary Action Party (PAR), signed the Pacto del Barranco. In this secret pact, Arana agreed not to support a military coup against Arévalo and the PAR agreed to support Arana’s candidacy to the presidential elections of 1950. With the physical recovery of Arévalo, the revolutionary platform continued to develop its reform program.

The reform government passed important social legislation, which included the creation of the Guatemalan Institute for Social Security -IGSS-, and the implementation of education programs and literacy campaigns. Arévalo’s government also created the Central Bank. But the most important visible policy adopted by Arévalo’s government was the Labor Code (1947). This code abolished Ubico’s vagrancy law and established new patterns of relationship between workers and patronos. It legalized collective bargaining, made contracts mandatory, fixed a forty-eight hour week, established minimum wages and, above all, granted the right to create unions (although the right to organize was restricted only to those plantations employing more than 500 people). All this led to the legalization of the combative labor movement that had been demanding the Labor Code: the CTG (Confederation of Guatemalan Workers) and the FSG (Workers’ Federation of Guatemala – the former CTG that accused that union to be controlled by communists). In 1946, these two labor unions formed the CGTG (General Confederation of Workers of Guatemala), which acted as a powerful political force.

As a result of the policies implemented by Arévalo – mainly the Labor Code -, those groups which considered themselves negatively affected by these very policies – mainly the agrarian elite -- turned against the revolution and, having no influence in the institutions of the new regime, launched several coups against the government that were crushed by Arana’s forces (Handy, p. 33). These groups’ main complaint was that the labor code was discriminatory because it granted the right to organize only to workers of large plantations. For instance, the UFCo (United Fruit Company – a US company having the largest plantations in the country) felt victimized and considered the right of union organization in large plantations a direct aggression to its interests. Thus, the UFCo turned to the Truman’s Administration for support, accusing Arévalo’s government of being influenced by the communists. The Labor Code caused Jorge Toriello – the only cabinet member with ties to the agro export elites -- to abandon the government, and gave way to the first political division between “communists” and “anticommunists” -- between “revolutionaries” and “reactionaries”. Both the PAR and the CTG – the main political forces supporting Arévalo’s presidency – started to be accused by the opposition of being dominated by the communists.
By 1947, Arana started to believe that the revolutionary parties would not support his presidential candidacy and began to approach the conservative opposition. In November of 1948, mid-term elections to congress were to be held. Arana gave financial support to some opposition candidates but none of them resulted elected. This fact triggered off the hostility of the PAR and the RN towards Arana. Furthermore, elections to the Superior Council of Defense (CSD) were to be held on July 1949 and Arana wanted to control the list of possible candidates to the Council before resigning to his position as Chief of the Armed Forces in order to compete as the opposition’s candidate to the presidential elections of 1950. Obviously, Arana believed that Arévalo would nominate a loyal, *non-aranist* officer as the new Chief of the Armed Forces. In effect, the *Pacto del Barranco* was broken.

The interaction between Arévalo, as the head of the reform government, and Arana, as an ambitious politician expecting to maximize his possibilities to win office by incorporating the policy preferences of the opposition, can be easily modeled as a deadlock game. The structure of this game is the following: $T > P > R > S$.

**Figure 4. The Deadlock game.**

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In this game no matter what the values of $T$ and $S$ and $R$ and $P$ are, cooperation between players becomes impossible. This is exactly what happens if issues are significant for both players and this is what happened in Guatemala. As previously stated, in Guatemala policy issues were *visible* so they were intensively valued by the players. In the deadlock game, the players’ preferences in relation to the possible outcomes show that they are better off assuming the penalties of a possible confrontation than getting the rewards of mutual cooperation. So defection is the dominant strategy for both players (no matter what the other player chooses to do, the best response to that strategy is always not to cooperate). Given the stated structure of preferences, we find the equilibrium point at $(P,P)$. This solution cannot be improved unilaterally (any movement or unilateral change of strategy —i.e. initiate the cooperation— will lead to the worst possible outcome for both players). Thus, in this game the main goal is to win in absolute terms: in order to get their most valued alternative both players prefer to fight than to cooperate.

For the reform government it was very important to carry on with its program of reforms; for the opposition (and for Arana), it was also of maximum importance to
prevent the reform platform from developing and to provoke the return to the status quo. What is important to take note of is that in this game there is no such a difference between “moderates” and “hardliners”: since the political issues at stake are visible and easily understood by the groups affected by them, the preferences over them are very intense and the game being played is the game of followers. It is in fact a game played by “hardliners”. Political elites know that their followers are willing to assume a high cost in order to obtain with certain probability their first preference: they prefer to pay the high costs of a possible confrontation than to play a cooperative strategy that could lead them to their worse possible payoff (the “sucker” payoff) -- given the lack of incentives that the other player has to play the strategy of cooperating (she will obtain her best payoff). Thus, there is no possibility to build a focal point concerning these policies because it demands an impossible agreement between political elites and their followers.

Conflict between players finally took place. Arana, instead of immediately launching a successful coup (as the Chief of the Armed Forces he had appointed loyal officers to key military positions such as the Chief of the Guard of Honor), offered Arevaló an ultimatum on July 16, 1949. In this ultimatum, Arana demanded Arévalo to put an end to the reform program and to replace his cabinet members – including Arbenz - with candidates of Arana’s choice. If Arévalo accepted Arana’s conditions, he could finish his presidency; if he chose not to accept them, Arana would launch the real military coup (Gleijeses, p. 63). In the first case-scenario, Arana would be sure of winning the presidential elections of 1950 with the least cost possible for his political image -- he could present himself as an elected president and not as a golpista one – by controlling the state apparatus. In the second case-scenario, Arana would follow the preferred path of the opposition who wanted Arana to make a coup in the traditional way. Arévalo asked Arana for some time before he made a decision. While Arana was waiting for an answer, Arévalo and Arbenz (the Minister of Defense) decided they had no alternative but to send Arana to exile. But in order to carry out their decision, they had to capture him first. It was during the process of his detention that a shootout took place killing Arana. Acknowledging these facts, the Guard of Honor started a rebellion against the government. Since members of the army loyal to Arana had been sent away of their command posts right before Arana’s death, the movement had no aranista authority and the Guard of Honor rebellion ended up as an isolated action. Moreover, during the rebellion, Arbenz decided to arm union workers and students and the revolt was over in a single day. Arana’s death left the opposition without a credible candidate able to compete with some possibilities of winning against the government’s candidate in the presidential elections. The deadlock game was over.

Arbenz’s Government

As planned, in November of 1950 presidential elections took place in Guatemala. In this elections, Jacobo Arbenz, former Minister of Defense in Arévalo’s Government, run as the candidate of the most relevant forces supporting the reform government -- the PAR, the RN and the labor unions. Two candidates initially ran for the FPL, though one of them, Manuel Galich, decided to withdrew his candidacy in the last minute to support Arbenz. The PGT (the Guatemalan Workers’ Party – still the clandestine Communist Party), along with the organized labor movement, also supported Arbenz’s candidacy. It is worth noting that the PGT came from a split within the PAR. In these elections, Arbenz won with the support of 266,778 votes. General
Miguel Ydígoras – a former Ubico’s general – who competed as the main opposition candidate and who exploited the communist threat in his campaign, obtained a second position, with 76,180 votes.

Days before the elections Lt. Colonel Castillo Armas – a dismissed aranista commander that later became the leader of the Liberation Army - launched a plot that had no success. During the short fight taking place during the episode, he was wounded and finally sent to prison. He escaped from prison and fled to Colombia.

On March 15, 1951, Arbenz formally took possession of the Presidency and formed the second government of the reform period with the support of all the revolutionary political forces including the labor unions. He appointed Colonel Rafael O’Meany as the Minister of Defense and Colonel Carlos Enrique Díaz as the Chief of the Armed Forces. The later substituted Major Carlos Paz Tejada, who had been appointed Chief of the Armed Forces by congress after Arana’s death.

In order to maintain the loyalty of the armed forces, Arbenz – who was a military himself – delivered special benefits to officers: He increased their salaries, built new houses, reduced the prices of imported goods, granted travel allowances, allowed military offices to benefit from positions in the government (Gleijeses, 1991: 201). Above all, Arbenz had no intention of reducing the military’s autonomy. Thus, even if Arbenz’s government signed no formal agreement with the army (such as El pacto del Barranco during Arevalo’s term), his policies were intentionally designed to maintain the military’s loyalty to the reform government.

Despite granting special privileges to the army, Arbenz had no intention of deviating form his dominant strategy: He took at heart his followers’ policy preferences and moved on with the reform program. The major visible policy that Arbenz’s government carried out was agrarian reform. On June 17, 1952, Decree 900 was approved by Congress. This decree contained the essential provisions of a true land reform, based both on the expropriation of unused lands and the redistribution of these lands to medium size peasants farms given in lifetime tenure. By that time, 32 of the biggest farms in Guatemala had 1.72 million acres and 1.58 million acres were unused. The expropriated owners would be paid in bonds based on self-declared tax value (for instance, on the basis of self-declared tax-value, the UFCo would be paid $1.2 million for 400,000 acres of unused land, when the land was worth over $19.4 million). But the critical aspect about Arbenz’s land reform was that it was not supposed to be carried out by governmental instances: The process of land expropriation was supposed to be initiated by peasants identifying and denouncing the existence of inactive, unused or even inefficiently cultivated lands. Peasants’ claims had to be presented to the local agrarian committees (CAL),30 which in turn would address the demands to the departmental agrarian committee (CAD).31 The CAD had to send the petition to the National Agrarian Department (DAN), the body responsible for evaluating them and dictating a resolution. At the top of the pyramid, the President himself served as the ultimate arbiter concerning any disagreement in the execution of the law. The whole process should take no more than six weeks. In reaction to the law, affected landowners, along with the UFCo (two thirds of the affected land by the reform was owned by the UFCo), appealed to the Supreme Court. The Supreme Court declared unconstitutional one section of Decree 900 that excluded the whole law from judicial review. In order to avoid judicial obstruction, Arbenz called for an extraordinary session of Congress.

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this session, the judges of the Supreme Court were impeached and substituted by new ones who reversed the previous decision concerning the unconstitutionality of the Decree 900. By June 1954 one quarter of the arable land had been expropriated (Gleijeses, 1991: 154) and 100,000 peasant families had received some land (Handy, 1994: 94). In response to the situation, the UFCo initiated a major campaign against Arbenz’s government in the US, which caused the State Department to be seriously concerned about the radicalism triggered by land reform in Guatemala. In fact, the UFCo’s strategy was to raise the issue of communist control of Arbenz’s government.

After Decree 900 was passed, the conservative opposition – composed of the agrarian elite directly affected by the land reform and part of the urban middle class concerned about further property rights’ limitations – adopted a strategy aimed at destabilizing the country politically by accusing Arbenz’s government of being influenced by communists. In fact, the opposition gained unity and cohesiveness by means of the communist issue. The accusation of communism – which had already been used by Ubico to discredit the opposition to his regime - summarized the conservative hostility towards Arbenz’s policies -- mainly land reform. Thus, communist influence within the government overshadowed all other issues and gave visibility to the political conflict. The opposition articulated its political campaign through organizations such as the Anticommunist Unification Party (PUA) or the Anticommunists University Students Committee (CUEA): These organizations signed manifestos expressing anger against Arbenz’s policies, organized political meetings and rallies, published manifestos in their own newspaper... In short, the opposition gave voice to its demands.

The communist party (PGT) had been legalized as late as 1950. Despite the fact that the PGT did not hold any cabinet position, its leaders had some effective influence on Arbenz’s government: José Manuel Fortuny – the PGT’s leader – served as one of the President’s main advisers in the land reform and shortly after the elections became part of his inner cabinet. Other members of the PGT held bureaucratic positions in Arbenz’s administration. On March, 1954, at the Inter-American Conference in Caracas, the members of the Organization of the American States (OAS) approved an anticommunist declaration suggesting that Arbenz’s government was implementing communist policies. Obviously, the Guatemalan delegation leaded by Guillermo Toriello voted against this resolution and left the conference. By March of 1954, Arbenz’s government found itself increasingly isolated internationally, since it had been identified as communist.

As Arbenz, the opposition also played its dominant strategy: challenging the government. Neither the government or the opposition considered playing the strategy of cooperation since they both were impelled by their radical followers to either pursue their first preferences in the policy dimension or play the strategy of conflict. Once again, the opposition’s strategy passed by the institutional framework. In fact, the anticommunism platform did not help much the conservative parties concurring to the midterm elections to increase their electoral support. Hence, the opposition’s success in stopping the reform policies depended on the army’s position concerning the communism issue.

Despite the fact that Arbenz’s government treated generously army officers, the army was seriously concerned about communism influence in the government. The military felt that, by empowering rural workers and peasants, the land reform was
challenging its dominant position in the countryside (Handy, 1994: 189) and attributed land reform to communist influence within the government. Immediately after Congress approved the Decree 900, the army and the revolutionary organizations engaged in several conflicts concerning the implementation of the law. Since labor unions had a majority in both the CALs and the CADs, they always managed to carry out the land reform and to effectively control the pace of reforms and the people affected by it. Both, the growing influence of unions in countryside and the empowerment of rural workers and peasants triggered by the land reform caused the army to feel directly threatened by the agrarian reform. The transformation of power relations following the land reform was perceived by the army as a spread of communism in the countryside.

Another factor also predisposed the army against Arbenz’s government: The possibility of a US military intervention in Guatemala – given the Cold War context. As early as March 31, 1952, Miguel Ydígoras and Castillo Armas – two former members of Guatemalan army- signed a pact (El Pacto de Caballeros) in which they stated their intention to overthrow Arbenz. In short, as they stated it, they wanted “to restore the harmony of the Guatemalan people that has been destroyed by the red extremism” (Villagran, 1993: 106). From 1952 to 1954, both Ydígoras and Castillo Armas had the support of the US State Department. The US Government granted $3 million to the PBSUCCESS program and assigned over eighty CIA agents to work on it. With these funds, they trained Castillo’s forces and financed the psychological warfare – the so-called Sherwood Operation. The idea was to have the opposition spreading their political message against communism through both guerrilla radio broadcast and propaganda flyers talking about US invasion.

At this point, the army had three alternatives: 1) to accept communism; 2) to face up to a US military invasion or 3) to make a coup against Arbenz. Only the latter alternative could avoid the consequences of the two previous case-scenarios.

Arbenz needed to buy arms in order to keep the army loyal. Because of the US blockade, he could only get the weapons from behind the Iron Curtain – from Czechoslovakia. But Arbenz’s plans were different: He planned to hand in the arms to the popular militia -- an armed force composed of union workers and students and loyal to the October Revolution -- once the ship with the arms (the Alfhem) landed at Puerto Barrios. The Chief of the Armed Forces was up against these intentions because they implied that the military would lose its monopoly over state violence. Finally, the army kept the arms.

On June 3, 1954, Arbenz had a meeting with the Superior Council of Defense (CSD) in which the later was supposed to formally thank the president for the arms. The meeting instead evolved around the communist presence in the government. Concerned about the military’s fears regarding communist influence in the government, Arbenz summed a second meeting with the General Staff of the Army. Held on June 7, in this meeting the officers formally raised twenty questions to Arbenz concerning both his connections to the communists and the government’s support of a popular militia. Obviously, the questions brought up by the military were an ultimatum in which the army was asking Arbenz to get rid of the PGT’s influence. Thus, the game being played between Arbenz and the army was again a single-shot deadlock game: Arbenz could not accept the army’s conditions because, since the army was playing the strategy of defection, it would have given him his worse possible outcome – the sucker’s payoff.
On June 17, 1954, Colonel Castillo Armas and his Liberation Army entered Guatemala from Honduras. Although, Castillo’s army was poorly armed and had no artillery the Liberation Army won easily the battle because the Guatemalan army simple defected by not complying with Arbenz’s orders to fight against the invasion. As his last possibility to fight the rebels, Arbenz asked Díaz – the Chief of the Armed Forces - to give the Alfhem arms to the popular militias, but Díaz again refused to obey. Without the army’s support, Arbenz resigned and turned power to Díaz on June 27, 1954. Once again, the deadlock game was over. When Castillo Armas finally assumed power, he immediately suspended the constitution, the labor code and the land reform; dissolved the trade unions, and outlawed the PGT. In sum, the military government completely abolished the outcome of the reform period and moved the country back again towards the status quo prevailing under Ubico’s regime.

Conclusions

By comparing Costa Rica and Guatemala -- a positive and a negative case, respectively, of democratic transition -- this paper has argued that the visibility and invisibility of issues dominating politics influence the likelihood of different regime outcomes by influencing the types of strategic interactions between elites. Visible politics -- that is, politics dominated by low-cost information issues -- tends to increase the likelihood of democratic breakdown by enhancing the role of followers’ preferences in elites’ decisions and reducing the scope for cooperation between elites. Conversely, invisible politics tends to increase the likelihood of a democratic outcome by reducing the role of followers’ preferences in elites’ decisions and increasing elites’ capacity to engage in mutually beneficial cooperative relations.

Using Costa Rica and Guatemala to illustrate the argument, this paper has shown that where invisible issues dominated politics, as they did in Costa Rica, elites played games -- such as chicken -- that increased the possibilities of cooperation. Inversely, where visible issues dominated politics elites played games that either reduced the possibility of cooperation (as in a Prisoners’ Dilemma) or that simply eliminated that possibility (as in a deadlock) – as in Guatemala.

While these ideas have been drawn from the cases discussed in this paper, the argument presented here could well be extended to other cases of successful and aborted democratization. For example, the emphasis on elites’ decisions and strategies typical of recent approaches to democratization, as well as the high rates of success achieved by “third-wave” countries in their transitions to democracy, could well be explained by the centrality of issues of institutional reform (invisible politics) in these transitions.

Conversely, the emphasis on structural factors typical of approaches to democratization in the 1960s, as well as most cases of democratic breakdown such as those of Spain, Chile and Brazil, could well be explained by the centrality of visible issues -- policy issues and, more specifically, distributional policy issues -- in the processes of regime breakdown. The dominance of visible issues in the process of regime breakdown in Chile and Brazil also could explain why Cohen characterizes the strategic situation in these countries before regime breakdown as single-shot Prisoners’ Dilemmas.
To the extent that the comparison between Costa Rica and Guatemala has served to construct an argument capable of explaining other cases of successful and aborted democratization, this paper also may encourage more studies that combine the comparative method with rational choice accounts of political phenomena.
1 The seminal work here is Paige, 1987; 1993; 1998. For an extension of Moore’s arguments to a wider set of cases see Rueschemeyer, Stephens and Stephens, 1992.


3 Among others see Booth, 1989; Gudmundson, 1986; Seligson, 1975, 1980.

4 See Yashar, 1998.


6 For a formal treatment of this idea, see Tsebelis (1990). Tsebelis develops a formal argument that shows how interactions between the electoral and the parliamentay arena affect elite decisions.

7 The following intuitions are based on G. Tsebelis (1990). The originality of this work lies in trying to apply his intituitions to strategic situations leading to regime breakdown or succesful transitions to democracy.

8 T,R,P,S responds for T, the Temptation to defect when the other cooperates, R, the Rewards for mutual cooperation; P, the Penalty for mutual defection; S, the fear of being a Sucker. It is quite realistic to assume that followers have more to gain and less to lose from sticking to the strategy of always being intolerant while elites have much to lose and little to gain from choosing to be intolerant when the other also chooses to be. Mutual defection and confrontation is the worse possible outcome for political leaders because even if they prefer to win politically against their political opponents, they value more to survive than to perish.

9 Among many others, Bell (1986) and Shifter (1985) represent this traditional interpretation of the Costa Rican civil war. For a review of this literature see Lehoucq, 1991.

10 For an extensive review of these policies see especially Yashar (1998)


12 This interpretation is represented by Lehoucq. From this author see 1996 and 2002 (with Ivan Molina).

13 The following discussion draws on Lehoucq, 1996.

14 Although the 1871 Constitution stipulated that all laws needed both legislative and executive approval, it undercut the autonomy of Congress and gave the president a number of exceptional powers. In fact, the constitution only allowed Congress to hold ordinary sessions during three months throughout the year. The president could call extraordinary session of the legislature to consider issues of its chossing. Moreover, the presidents were allowed to convoke the Permanent Commision, a quasi-legislative body composed of five deputies selected by their collegues, to seek temporary approval of emergency decrees when congress was not in session. Frequently, presidents used these powers -- the power to convoke the Permanent Commision to seek aproval of emergency decrees -- to declare a state of siege before election day.

15 The party winnig the presidency controlled three key ministries: the Ministry of Public Works, from which the president’s party could deliver jobs to their followers; the Ministry of Interior, responsible for the administration of the whole country and the one that organized and controlled the electoral process; and the Ministry of Public Security, with which the president could defend himself by means of controlling the coercitive apparatus of the state. Op. cit. p. 337.

Among these measures aimed at guaranteeing the effectiveness of secret ballot the critical one was replacing party-supplied ballots by centralized-produced ballots from the Ministry of Interior.

Why and how these reforms were passed by incumbents and pro-government forces in the legislature who benefited from pre-reform rules is the subject matter of Lehoucq’s work. See 1996, 2000, 2002.

The critical discussion is based on Lehoucq and Molina (2000). See especially discussion in p. 147, 148.

Relying on data from Lehoucq and Molina (2002), fraud accusations in the center increased from representing half of the total before the forties to represent three quarters by the mid-forties (p. 140).

The following discussion draws upon Tsebelis (1990)

That Cortes ranked mutual confrontation last in his preference order is clearly stated in the following passage. “In the last interview Cortes granted to a journalist before his unexpected death on 3 March he asked: ‘Está el país en disposición de ir a la resistencia armada? Y no podría lanzar a los partidarios que con tanta abnegación me han seguido, a una asonada que sería una carnicería, porque no considero que esté el pueblo armado en forma que su rebeldía tuviera vislumbres de buen éxito... Por eso he puesto oídos sordos a las insinuaciones de violencia, que sólo podrían merecer el apoyo de los costarricenses sensatos, cuando llevaran aparejada la preparación adecuada, para que la protesta armada tuviera alguna probabilidad de éxito y no significara simplemente un derramamiento infructuoso de sangre Costarricense’ Castro Cortes then suggested that a compromise presidential candidate be found for the 1948 elections”. La prensa libre, no. 14,334 (11 Feb. 1948), quoted in Lehoucq, 1991, p. 54,55).

Otilio Ulate Blanco was the director of the opposition newspaper El diario de Costa Rica. When Cortes died he became the main leader of the opposition and created his own party, the National Union Party (PUN). The PUN coexisted with Cortes’s party, the Democratic Party (PD), but progressively substituted the later as the main party of the conservative faction of the opposition. José Figueres’ background is quite more radical. Figueres was an unknown medium-size landowner until in 1942 he happened to give a radio speech in which he fiercely attacked the government and the government’s alliance with the communists. After his incendiary speech he was arrested by the state police and sent to exile. He remained in exile until 1944, when he returned to Costa Rica and started participating in politics first through Democratic Action and later, when it was formed, through the Social Democratic Party (PSD). During his years in exile Figueres created his own small army and established contacts with leaders from other countries in the region to get their support in case he decided to attack the government of Costa Rica...

For an extensive description of these agreements see, among others, Bell, 1986, p. 183-203.

As an example see Bell, 1986.

Most historical accounts tend to stress the period of the junta as the critical one for institutional-building in post-war Costa Rica. See among others Pérez de Brignoli, 1993; 1997. Other works stressing the period of rule of the junta are Bell, 1986; Schifter, 1986; Yashar, 1998.


The following discussion is based on Lehoucq, 1996, p. 352

See also Colomer, 1998.
The CALs was composed by five members: one appointed by the governor of the department, one designed by the municipality and three by the local labor union.

The CADs had five members: one designed by AGA, one each by the two labor unions, one by the department’s governor and one by the National Agrarian Department (DAN).
Bibliography


