

# **Media Captured:**

## **Elites' Cohesion and Media Networks in Costa Rica and El Salvador**



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Para mis abuelos Irma y Orlando.



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## ***Abstract***

Media capture occurs when elites exert (in)direct actions to suppress or to disseminate (un)favorable information (Besley & Prat, 2006; Corneo, 2006). The importance of media capture at critical junctures, such as electoral processes, has been decisive. When media is captured the voting decisions of individuals are affected by the information they received (Besley & Prat, 2006a, p. 721; Enikolopov, Petrova, & Zhuravskaya, 2011). This is particularly relevant in Central America, where most people's information about political parties, ideologies and politics comes from the media (Becerra, Mastrini, & D'Alessandro, 2009; Rockwell & Janus, 2003; Sandoval García, 2008). Also, literature on elites has demonstrated how elections are crucial in business elites' strategies, especially when their power derives from the control they exert over the state (Acemoglu & Robinson, 2006; Bull, 2014; Durand, 2016). Thus, media capture is crucial for elites during elections because that is the time when their influence may be jeopardized. This research analyzes and explores how and to what extent elites in Central America capture the media when they feel threatened during elections. It studies media capture strategies before and during the 2014 presidential elections in Costa Rica and El Salvador. The study offers a fresh perspective on elites and their strategies, and their interactions with counter-elites and media networks. In the rest of this research, I show that elites have different strategies at their disposal for media capture and that their chances to successfully do so drastically increase when they are more cohesive and when there a network in place that constrains opposing voices. This, in turn, strongly augments their capacity to influence the society. In Costa Rica, coordinated media capture occurred because elites were cohesive, and the type of networks woven by elites and media are so called elitist. On the contrary, in El Salvador, the fragmentation of elites since 2009 and a pluralist media network turned media capture into an arena of fierce dispute among elites and counter-elites. This research employs a mixed method approach with the primary goal of building upon and complementing each method. Analysis and data collection methods techniques included interviews with elites that provide new empirical evidence on the strategies' elites employed to capture the media. Historical analysis to understand the historically grounded explanations of elites' cohesion. Finally, Social Network Analysis (SNA) was a tool to map and uncover the ties among elites and media.

## *Zusammenfassung*

„Media Capture“ findet statt, wenn Eliten (in-)direkte Strategien aufwenden, um vorteilhafte Informationen zu verbreiten oder unvorteilhafte Informationen zu unterdrücken (Besley & Prat, 2006; Corneo, 2006). Die Bedeutung von „Media Capture“ zu kritischen Zeitpunkten, wie beispielsweise Wahlperioden, hatte bereits entscheidende Auswirkungen in der Vergangenheit. Im Fall von „Media Capture“ ist die Wahlentscheidung von Individuen durch die Informationen die diese beziehen, beeinflusst (Besley & Prat, 2006a, p. 721; Enikolopov et al., 2011). Dies ist insbesondere in Zentralamerika relevant, wo der Großteil der ohnehin eingeschränkten Informationen der Menschen im Hinblick auf politische Parteien, Ideologien und Politik im Allgemeinen, aus den Medien stammen (Besley & Prat, 2006a, p. 721; Enikolopov et al., 2011). Bestehende Fachliteratur zu Eliten zeigt die essentielle Bedeutung politischer Wahlen in den Strategien der Wirtschaftselite, insbesondere wenn diese sehr abhängig davon ist, das Land zu kontrollieren (Acemoglu & Robinson, 2006; Bull, 2014; Durand, 2016). Daher ist „Media Capture“ besonders wesentlich für Eliten, wenn politische Wahlen anstehen, da zu dieser Zeit ihr Einfluss unter Umständen bedroht wird. Diese Forschungsarbeit analysiert und erforscht wie, und zu welchem Ausmaß, Eliten „Media Capture“ betreiben, wenn sie sich bedroht fühlen, am Beispiel der Präsidentschaftswahlen 2014 in Costa Rica und El Salvador. Diese Studie bietet eine frische Perspektive auf Eliten und deren Strategien sowie auf Anti-Eliten und Mediennetzwerke. In diesem Forschungsprojekt zeige und argumentiere ich, dass Eliten bezüglich „Media Capture“ verschiedene Strategien in ihrem Repertoire haben und dass ihre Erfolgchancen sich verändern und drastisch erhöhen, sobald sie vereint vorgehen, und wenn es eine Art Netzwerk gibt, welches Gegenstimmen einschränkt. Dies wiederum erweitert drastisch ihre Kapazitäten, die Gesellschaft zu beeinflussen. Wie der Fall von Costa Rica zeigt, findet koordinierte „Media Capture“ statt, wenn Eliten sich vereinigen und wenn die Art von Netzwerk zwischen Eliten und Medien elitär ist. Auf der anderen Seite hat die Fragmentierung der Elite in El Salvador „Media Capture“ in eine Arena der Auseinandersetzung zwischen Eliten und Anti-Eliten verwandelt. Diese Forschungsarbeit wendet eine Vorgehensweise gemischter Methoden an, mit dem primären Ziel, auf diesen gegenseitig aufzubauen und zu komplementieren. Methoden der Datenerhebung beinhalten direkte Befragungen von Eliten sowie Aufzeichnungen. Diese Studie bietet tiefe Einblicke im Hinblick auf Faktoren, welche „Media Capture“ vereinfachen und auf die Art von Strategien und Maßnahmen, die Eliten ergreifen, um vorhandene Informationen zu verändern oder zu unterdrücken.

## *Acronyms*

ANEP: Asociación Nacional de Empresas Privadas  
ARENA: Alianza Republicana Nacionalista (political party; right)  
ARPAS: Asociación de Radiodifusión Participativa en El Salvador  
ASDER: Asociación Salvadoreña de Radiodifusores  
ASI: Asociación Salvadoreña de Industriales  
CAFTA: Central American Free Trade Agreement  
CASALCO: Cámara de la Construcción Salvadoreña  
CEFSA: Consultores Económicos y Financieros  
CINDE: Costa Rican Investment Promotion Agency  
CODESA: Corporación Costarricense de Desarrollo  
FA: Frente Amplio (political party; left)  
FMLN: Frente Farabundo Martí para la Liberación Nacional (political party; left)  
FUSADES: Fundación Salvadoreña para el Desarrollo Económico y Social  
GANA: Gran Alianza Nacionalista (political party; center-right)  
IMF: International Monetary Fund  
ML: Movimiento Libertario (political party; right)  
NBS: National Banking System  
PAC: Partido Acción Ciudadana (political party; center-left)  
PCD: Partido Demócrata Cristiano (political party; right)  
PLN: Partido Liberación Nacional (political party; right)  
TCS: Tele Corporación Salvadoreña  
UCCAEP: Unión de Cámaras Empresariales de la Empresa Privada  
UNIDAD: Coalición política del PDC y GANA  
VECA: Vuelos Económicos Centroamericanos  
WB: World Bank

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# INTRODUCTION

Hard times call for harsh measures. The presidential elections of 2014 turned into a battlefield of money, lobbying, and censorship within the Costa Rican and Salvadoran media. In El Salvador, elites were furious with the media for, what they saw as, supporting the leftist party, *Frente Farabundo Martí para la Liberación Nacional* (FMLN) instead of *Alianza Republicana Nacionalista* (ARENA), the historical ring-wing party. Elites in Costa Rica perceived, during the first months of the electoral campaign, the media to be too much on the hand of the leftist party *Frente Amplio* (FA). Both in Costa Rica and El Salvador, elites felt threatened by left-leaning political forces who were leading in the polls. An electoral victory of the Left in Costa Rica and a second consecutive win of the Left in El Salvador would have limited elites' influence over the government; thereby going to the core of one of elites' primary competitive advantages (Bull, Castellacci, & Kasahara, 2014). With less than four months before the elections, elites in both countries felt they were in a tight spot. Something had to be done. And something they did.

The described context provides a unique and ideally captivating setting to study how elites react when they feel threatened. Here, I examine how and to what extent elites capture the media when they feel threatened by electoral processes. What I argue and mean to show in the rest of this document is that elites have different strategies at their disposal to capture the media and that their chances to successfully do so drastically increase when they are more cohesive and when there are networks that constraint opposing voices. This, in turn, strongly augments their capacity to influence society.

The decisive role and influence of the news media in Latin American politics is widely acknowledged (Fox & Waisbord, 2009a; Kitzberger, 2016; Porto, 2012; Rockwell & Janus, 2003; Waisbord & Segura, 2016). For decades, the media allowed elites to maintain political stability and economic growth thanks to highly concentrated markets and compliant media that echoed power structures while constraining opposing voices (Fox & Waisbord, 2009b; Rockwell & Janus, 2003). In this context, the evolution of new technologies allowed the media

to spread its role as a sophisticated mechanism of control oriented to satisfy market needs (Lugo-Ocando, 2008). In the hands of few media groups, Latin American media transformed from being dominated by family businesses to more complex holding groups with diversified business interests in the last two decades (Becerra & Mastrini, 2017).

Over the last ten years, during which many media outlets faced considerable economic hardship, Latin American tycoons, aware of the media's role and its influence in politics, started to purchase traditionally family-owned media holdings<sup>1</sup>. These purchases have turned the media into “the new toy of the richest” and have restricted one of the most critical media functions: providing checks against abuses of power (Stiglitz, 2017). Considering that tycoons have particular perspectives that differ from the rest of society, the media has become a strategic tool for pursuing individual wealth over collective welfare (Freedman, 2016).

Despite the importance of media -not just for its democratic role (Curran, 2002), but also for helping us to structure our knowledge about, and our ability to participate in changing the world (Freedman, 2016), the study of how the media had been captured by the individuals that possess privileged control over economic, political and social resources -elites- has been lacking in political sciences in Latin America in general and in Central America in particular. Media studies have focused primarily on the analysis and consequences of media concentration (Becerra & Mastrini, 2017; Becerra, Mastrini, & D'Alessandro, 2009), the political development of specific media groups or media systems (Acevedo Rojas, 2017; Juárez Gámiz, 2009; Porto, 2012), the imbrication among political and media spheres (Fox & Waisbord, 2009b; Pérez & Carballo, 2013; Rockwell & Janus, 2003) or business strategies, resilience, and evolution of elites (Bull et al., 2014; A. Schneider, 2012; Segovia, 2005). However, little has been written on how elites seek to capture the media and what factors may facilitate this process.

The seminal literature in the field has demonstrated the capacity of media to enlarge elite power, legitimize dominant classes, distract, disempower and produce consent (Herman & Chomsky, 2010a; Miliband, 1969a; Mills, 2000). Nonetheless, in all of these accounts there is a lack of empirical evidence and knowledge about audiences, as well as about the contradictory

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<sup>1</sup> Some examples, Luis Carlos Sarmiento in Colombia (El Tiempo; 2012); Carlos Alberto Solari-Heller (Chile Visión; 2010), Luksic Family (Canal 13; 2017) in Chile; or Stanley Motta in Panamá (TVN; 2009).

relations among elites that undermine such big claims (Freedman, 2014b). More recently, political scientists and economists have broadened the discussion by including new ways to comprehend the obscure relations and the capacities to influence societies by media and elites, media capture being one of them. I define media capture as the situation when elites exert direct actions of control and influence over media to suppress or to disseminate information (Besley & Prat, 2006; Corneo, 2006). Among the direct actions in the hands of elites are the use of force, violence, bribery, advertisers' influence, media ownership, censorship, legal favoritism, public relations or lobby. Media capture has been used to refer to the situation when elites seek to exercise hegemonic dominance in the media to prevent people from challenging ideas in their interests, such as during electoral campaigns or during the debates about tax legislation (Bernhagen, 2008). Media capture ensure that threats to the status quo never materialize in the public arena or that they will be reframed to support elites' positions (Fuchs, 2007).

At critical junctures, such as electoral campaigns, media capture acquires significant importance. The information provided by the media and made available to voters enables them to punish or reward politicians (Besley & Prat, 2006a; Strömberg, 2015). This information may persuade voters to choose politicians and political parties in line with the elites' preferences (Nordin, 2014). Indeed, it has been shown that, when media is captured, the voting decisions of individuals are affected by the information they receive (Besley & Prat, 2006a, p. 721; Enikolopov et al., 2011). This is particularly relevant in Central America, where most people's information about political parties, ideologies, and politics in general, come from the media (Becerra et al., 2009; Rockwell & Janus, 2003; Sandoval García, 2008). For example, in Costa Rica 67% of voters said that their main source of information before the elections came from the media (CIEP, 2018).

Likewise, literature on elites has demonstrated how elections are crucial in business elites' strategies, especially when their power derives from the control they exert over the state. Thus, studying media capture during elections gains central importance, because it is the time when elites' influence over the state may be jeopardized, and their reactions and power is most visible (Durand, 2016; Acemoglu & Robinson, 2006).

## 1.1 Objectives and propositions

Drawing on two Central American countries, Costa Rica and El Salvador, this study offers a fresh perspective on how elites seek to suppress or modify what is reported by the media in the electoral process. While most research has focused on ownership of media to explain media capture (Corneo, 2006; Prat, 2015; Stiglitz, 2017; Strömberg, 2015), I seek to contribute with the proposition of four types of elite strategies to capture the media during elections. First, violent strategies designed to shock media through the use of force, violence, and intimidation; second, economic strategies, when elites allocate money (legally or illegally) to media in order to modify or suppress information through advertising and bribery; third, ownership strategies, when the owners censor information; and finally, political strategies, when elites seek to gain or protect the way they frame policies, politics and actors. This perspective is innovative because analyses altogether practices that haven't been studied separately and adds empirically grounded evidence to support its claims. It is not merely about finding and classifying proactive ways of elites to change or suppress information, but on examining the choices, elites may have to act in times of threats.

Literature on elites has extensively recognized the role and need of elite unity to achieve common interest and to overcome conflicting interest (Domhoff, 2006; Mills, 2000; Mizruchi, 1992; Useem, 1984). As Vogel distinguishes, elites' cohesion has often resulted in impressive political power (Vogel, 2003). While most studies regarding elites' unity have focused on business associations (B. R. Schneider, 2009), or interlocking directorates (Cardenas, 2014a; Mizruchi, 1992; Useem, 1984), this study focuses on common background (family history, education, training), ideology (sense of community) and interests (narrow range of economic and political interest) to explain elites' cohesion (Fairfield, 2015). I argue and show through the analysis of Costa Rican case that when elites are united they have more opportunities to *act as a block*, coordinate and save resources (capital and time) to capture the media. Also, I demonstrate that in the case of El Salvador, the electoral victory of the left in 2009 facilitated the emergence of a new group of actors, who I am calling counter-elites, with political and economic interests dissimilar to the interests of traditional elites that opened up a dispute over control and influence of the media.

Second, this research also sheds light on how the networks created by media owners may affect media capture. The different types of media owners' networks, that means an elitist or pluralist network, assure a web of mutual interest, access, information, commitment, and business interest (Cárdenas, 2016b; Graaff, 2014; Mizruchi, 1992; Rentería & Figueroa, 2016; Schoenman, 2014). In fact, these different networks allow or constrain elites' ability to coordinate among themselves to reproduce messages and to repress opposing voices (Fennema & Heemskerk, 2002; Kocks, 2016). When there is a situation of elitist media networks, a group of elites has more chances to produce and repeatedly send common messages that garner privileged representation of specific business and political interest. The opposite would occur in a situation of pluralist media networks, when elites compete to produce information due to the lack and higher cost of coordination.

This research argues that media capture is shaped by elites' cohesion and the type of media owners' networks at play. When elites are characterized by high levels of cohesion, and they form together with the media so-called elitist media networks, coordinated media capture takes place increasing elites' influence over society. In such cases, elites tend to coordinate political and economic strategies in accordance with their common interest and based on high levels of trust among them. In contrast, when elites are divided, and media and elites form a pluralist type of media networks, takes place a disputed media capture curbing elites' influence. In such cases, elites tend to compete fiercely for ownership strategies to guarantee total control of the information produced by the media.

## **1.2 The Cases: Why Costa Rica and El Salvador**

Central America, in general, offers a fascinating setting to study the ways in which elites seek to capture the media to exercise influence on society. In Central America, the lack of state capacity and weak institutions are the result of a system that has perpetuated an elite-dominated social-political system that has concentrated money, political power, and resources in the hands of few people (Sanchez-Ancochea & Puig, 2013). In part, these inequalities have been secured by a media system that has echoed and legitimizes elites' privileges, while constraining opposing voices in the public arena (Hughes, 2006; Rockwell & Janus, 2003).

From the standpoint of finding “most similar” or “most different” cases, the examples of Costa Rica and El Salvador might make comparison potentially challenging. In general terms, Costa Rica and El Salvador are representative of the main political and economic characteristics of Central American countries. On the one hand, Costa Rica is a country that has experienced a spell of more than seventy years of uninterrupted democratic rule (Casas-Zamora, 2005). On the other, El Salvador is a young democracy with the highest levels of violence in Latin America (Wade, 2016). That is, the political and social contexts in Costa Rica and El Salvador are similar, but not so similar as to render comparison pointless (Casas-Zamora, 2005, p. 9). However, following Casas-Zamora (2005), this type of comparison is highly appropriate in research projects that seek to show that the historical, political, and institutional contexts - including similarities and differences- are essential to understanding elites’ practices.

Costa Rica and El Salvador share many political, cultural, and economic similarities. In both countries, elites have concentrated wealth and political influence that has resulted in an extended process of undermining institutions (Bull, 2014). In both countries, the economy is dominated by business family groups (Bull et al., 2014; Sánchez-Ancochea, 2009); their economies are highly dependent on the United States; and they have a similar population size of the super-rich (in Costa Rica 100 people, in El Salvador 150 people) (Wealth-X, 2017). Both countries have high levels of income inequality and the income share held by the highest 10% is more than a third of total income. Their economies are based on services (see table 1). In terms of the political system, the presidential regime operates in both countries and the political arena is disputed mainly by three political parties, where one political party is closely related, in terms of private contributions and revolving doors, to elites (ARENA in El Salvador and PLN in Costa Rica) (Cárdenas & Robles-Rivera, 2017).

**Table 1. Socioeconomic indicators of Costa Rica and El Salvador**

	Costa Rica	El Salvador
Population (mill) 2016	4.8	6.3
GDP (US billions) 2016	57.4	26.7
GDP per capita (US dollars) 2016	10.8	3.9
Poverty and Inequality		
Gini coefficient -2016	48.7	40
Poverty headcount ratio at national poverty lines (% of population) 2016	20.5	38.6
Income share held by highest 10% -2016	37.3	30.7
Income share held by lowest 10% -2016	1.5	2.3
Personal remittances received (% of GDP)-2016	0.9	17.1
Corruption		
Corruption perception index- 2017 (0-verycorrupt; 100 very clean) *	59	33
Tax payments (number) -2017	10	7
Tax revenue (% of GDP) -2014	13.3	15.6
Education		
Adult literacy rate, population 15+ years, both sexes (%)	97.4	85.8
Others		
Intentional homicides (per 100.000) -2015	10.8	108
Agriculture, value added (% of GDP)-2016	5.5	11.0
Services value added (% of GDP)-2016	72.9	62.4
Industry, value added (% of GDP)	21.5	26.5
Unemployment Total (% of Total Labor Force)	8.5	4.5
Urban population (% of total)	77.6	67.1

\*Based on Transparency International, 2017

Source: World Bank 2017

At the same time, there are significant institutional, political, economic and historical differences. For instance, El Salvador as pointed out above has undergone a profound institutional change since the peace agreements in 1992, but as pointed out by Wolf (2009) public institutions remain unresponsive, social exclusion persists and violence soars. Also, while Costa Rican economy diversified since mid -1980s, Salvadorian core economic income comes from remittances. The dependency of Salvadorian economy on this external source of income have turned its economy into a more susceptible one to external shocks. Also, while Costa Rica is worldwide known by its inclusive social security system in El Salvador the social security has undergone through different and contradictory processes during ARENA and after with FMLN administrations (Martínez-Franzoni & Sánchez-Ancochea, 2013). Also, in political terms, the recent experience of a Civil War in El Salvador (1980-1992) accounts for clear contrast in the development of institutions, political parties and actors.

Concerning the media, Costa Rica and El Salvador are highly concentrated media markets (see table 2). In previous works, Becerra et al. (2009) and Rockwell & Janus (2003) have drawn attention to the highly concentrated nature of media markets in the Central America. Data from Becerra et al. (2009), based on the Four-Firm Concentration Ratio (CR4), a ratio that measures market concentration, showed that the first four main firms control more than 50% of the market. Also, they found out that media concentration was superior in telecommunications and TV. With the aim to update and compare Becerra et al. (2009) data, I built another CR4 index for 2017 (see table 1). The data obtained allow this research to conclude that there have not been significant changes in El Salvador and Costa Rica since 2009. In most industries, four main companies exercise a dominant control. According to the data, media industry is still highly concentrated. The data also shows that: i) TV is still dominated by few companies, two companies in Costa Rica (Teletica and Repretel) and one in El Salvador (TCS); ii) radio, despite the lack of data, is the less concentrated industry; and iii) press and telecommunications are the markets with highest levels of concentration. In the press, this is so, because, traditional press companies started since 2000's with new editorial projects with a more sensationalist approach and a lower price. For instance, Grupo Nación that publishes *La Teja* in Costa Rica (c.a. US\$ 0.25) and El Diario de Hoy that publishes *Más* in El Salvador (US\$ 0.25).

**Table 2. Media Concentration in Costa Rica and El Salvador:  
Four Firm Concentration Ratio (CR4; 2009-2017)**

	2009		2017	
	Costa Rica	El Salvador	Costa Rica	El Salvador
TV	0.8	0.8	0.87	0.95
Radio	0.14	-	0.47	-
Press	0.98	0.92	1	0.85
Telecommunications	1	1	1	1
Average	0.81	0.96	0.83	0.93

Source. Own elaboration. According to data found and following (Becerra et al., 2009), I included market shares, revenues, or audiences. Data from 2009 was taken from Becerra, Mastrini, & D'Alessandro (2009). Costa Rican data on TV and Radio was taken from Jiménez-Alvarado (2017). Data of press comes from IPSOS MediaCT (2016). Telecommunications data from SUTEL (2017). In the case of El Salvador, data from TV and Telecommunications comes from (SIGET, 2016) and data from the press (Starcom Mediavest Group, 2015).

In terms of the media, the media in El Salvador has been inherited from the war, with close ties to the political and economic spheres, especially with the right-wing party ARENA and it has also been strongly associated with the media mogul Boris Eserski, the Salvadoran Rupert Murdoch (Pérez & Carballo, 2013; Segovia, 2002; Wade, 2016; Wolf, 2009). As in Honduras and Guatemala (The Northern Triangle), the media often supports powerful economic and political oligarchies. Nevertheless, El Salvador boasts the region's oldest daily left-wing publication, *Diario Co-Latino* (Rockwell, 2014). In Costa Rica the media system appears to be the most democratic and plural in the region in terms of competitors (Sandoval García, 2008). Costa Rica has also been seen as a copy of the US private model, with attempts at appearing objective (Sandoval García, 2008). Today, the media system is more concentrated and exhibits a growing tendency towards diversification of capital into other economic sectors and greater linkages with the private financial sector (Jiménez-Alvarado, 2017; Robles-Rivera & Voorend, 2012). However, the present-day situation in both countries constitutes an important similarity: in both cases, elites have built economic-political-media bridges as a result of the appointment of media owners, former journalists, or shareholders of larger media in senior positions in governments. Those bridges include presidents in the case of El Salvador and vice-presidents and ambassadors in the case of Costa Rica (Rockwell, 2009).

Otherwise, methodological, practical and personal motives underpin the choice of Costa Rica and El Salvador. Following Rockwell and Janus (2003), I have focused on media and elites in these countries not only because of my personal ties, but also because empirical information on elites and media capture is scarce and limited, and to some extent ignored. On an academic level, this research aims to contribute to a growing literature on elites in Central America that has as a primary goal to improve institutional strength and democracy in the region. On a practical note, the opacity of the media and elites and the reduced public access to data makes research on elites a difficult mission. In this context, an attempt such as the study of obscure actors stands a far better chance of success in small countries (Casas-Zamora, 2005).

### **1.3 Methods and Data**

This research employs a mixed method approach with the primary goal of building upon and complementing each method. Data collection methods techniques included interviews with elites, and documents and records. For data analysis, I used the methods of social network analysis and historical analysis. Rather than embracing a notion of political science oriented to the formulation of laws with predictive power, this research is oriented towards a more pluralistic approach in political science dedicated to explaining and interpreting how actors in privileged positions respond to threatening situations (Casas-Zamora, 2005). In this regard, this approach follows an inductive rather than a deductive approach. The deduction of hypotheses and concepts comes from interpreting empirical evidence and data in a way that reflects how complex political situations and actors are in real life (Casas-Zamora, 2005; Steinmo, Thelen, & Longstreth, 1992; Thelen, 1999). Generally speaking, this document relies on an intensive research approach, where a small number of cases (two) are studied in great depth in order to highlight historical, political, and economic understandings that may shape elites' responses to hostile situations (Blaikie, 2009).

Interviews with elites were central to provide new empirical evidence on the strategies' elites employed to capture the media (chapters six and seven). Interviewing elites is fundamental not just because it provides with new information, but also because it sheds light on for whom and by whom this information is produced (Mosley, 2013). Two main factors were considered when conducting the interviews and while coding the transcripts. Taking into account that

“elites do not like being put in the straightjacket of closed-ended questions” (Aberbach & Rockman, 2002, p. 674), in my interviews I decided to conduct semi-structured interviews that allowed respondents to engage in more open discussions (Aberbach & Rockman, 2002). Elites’ responses to questions are usually coherent and well-structured due to their higher cultural capital (Lancaster, 2017). All the interviews were fully transcribed by three collaborators (students of sociology based in Costa Rica). I coded the interviews using two types of codes, following Aberbach & Rockman (2002, p.675). First, *manifest coding items*, regarding direct responses to particular questions and second, *latent coding items*, where the characteristics of the response coded were not explicitly called for by the questions themselves.

Historical analysis was an essential tool to study and understand the historically grounded explanations of the configuration of elites’ cohesion (chapters three and four). Rather than providing a total account of explanations of media capture, I was interested in addressing the question of how throughout history elites have configured more or less united blocks that may or may not facilitate media capture (Mahoney & Rueschemeyer, 2012). Social Network Analysis (SNA) was a tool to map and uncover the ties among elites and media (chapter five). Due to lack of access to elites in most cases, SNA has been a privileged methodology on the study of elites (Scott 1994). SNA is a methodology that studies, measures and maps social structures and therefore is useful to uncover power hierarchies (Rodríguez 1995). At the heart of SNA is graph theory, and it is employed to measure cohesiveness, to identify communities, and to elucidate central actors (Scott, 1994). It is important to highlight that one advantage of social network analysis is that it allows us to scrutinize the invisible relational structure of elites (Zeitlin 1974, Mizruchi 1992).

## **1.4 Data sources**

Over the last four years of this research, I conducted circa eight months of fieldwork in Costa Rica and El Salvador in 2015 and 2017 supported by the German Academic Exchange Service (DAAD) and the University of Costa Rica. I collected data from different sources, such as interviews with elites, newspapers, documents, companies’ ownership records, electoral polls, data from electoral courts (private funding to political parties; party expenditure on media) reports, and social networks (twitter). This information allows me to understand and trace

elites' strategies to capture the media and the particularities and differences among elites in El Salvador and Costa Rica.

Of especially significant empirical value is the data collected from the semi-structured interviews with elites, media owners, top politicians, journalists, and academics. I conducted 64 interviews with 62 interviewees in Costa Rica and El Salvador. The elites interviewed were among the top wealthiest people in both countries according to previous studies of elites (Bull, Castellacci, & Kasahara, 2014; Segovia, 2005) and according to Forbes (FORBES, 2017). The interviews with these elites included CEO of regional companies, owners of business groups, top retailers, media owners, and real estate developers. The politicians interviewed included former presidents, vice-presidents, ambassadors, former ministers, judges of the electoral court, and congressmen. Media owners and journalists came from among the top outlets, and the academics were prominent analysts of media in Central America.

Access to the elites was secured differently in the two countries. In Costa Rica, most interviewees with elites were organized through personal emails. In El Salvador, I had the support of the secretary of a well-known media owner that help me to arrange interviews for my research after being in contact with them for six months. Out of 62 informants, just six were woman. This gender bias is important to highlight because it reflects that power is concentrated in the hands of men and it opens up further research questions about the gendered construction of power in Central America. Almost all interviews were conducted in person between 2015 and 2017, while four of them were done through Skype in the same period. Each interview lasted around one hour. Interviews with these informants provided first-hand, invaluable information about the actors involved in the different stages of elites' media capture and in the choices and actions they made. Informants included elites that lead the organization of a common front to collect money, organize, and gather information; media owners that were pressured by elites or that played elites' role, and journalists that experienced censorship and to some extent workplace harassment. Another valuable contribution of this research is that much of the information collected in these interviews corresponds to information or events that might not have been shared with the public.

In my experience, elites tend to be open and outspoken as well as reliable with researchers from foreign universities. There is a kind of "cultural bridge" built by the social capital elites already possess (most of them have studied abroad) and the social capital the researcher is in possession

of by studying abroad. For instance, two elites interviewed studied in the Humboldt Schule in Costa Rica and had been in Germany for student exchange programs. These two personal experiences made the interviews very fluid and open. In general, these “cultural bridges” reduce elites’ incentives to distort facts to researchers from foreign universities because they do not perceive any kind of threat (Fairfield, 2015a). However, informants’ memory may not always be accurate. So, to resolve inconsistencies or flaws, I cross-checked facts with written records from other sources of information such as news reports. Before the interviews, I let all of my informants know that all the information would be anonymized which also increased interviewees’ willingness to speak.

In addition to my interviews, I examined written information that included companies’ ownership records of media outlets and top business companies. The information related to the board of each media company and the companies associated with media and elites were collected from *Centro Nacional de Registro* in El Salvador and *Registro de la Propiedad* in Costa Rica during June-July in 2015. The primary data collected also included electoral polls published in El Salvador by Instituto Universitario de Opinión Pública (IUDOP) at the Universidad José Simeón Cañas and in Costa Rica by the Centro de Investigación y Estudios Políticos (CIEP) of the Universidad de Costa Rica. Also, thanks to the support of different people in Costa Rica and El Salvador I was able to study data about media market, audiences, readership, and others elaborated by private firms.

Newspapers were also a useful source of information regarding the political context of the presidential campaigns in 2014 and elites’ positions. For this, during field work I collected and scanned all the political reports published during the electoral campaign (October 2013-February 2014) in the main newspapers from El Salvador (*La Prensa Gráfica*; *El Diario de Hoy*) and Costa Rica (*La Nación*; *Diario Extra*). The material accounts for more than a thousand reports. The information collected included press coverage, reports, editorials, and op-eds.

## 1.5 Overview

This document is divided into eight chapters. Chapter one the Introduction. Chapter two discusses the main theoretical considerations about elites, counter-elites, elites' cohesion and media capture, providing a dissection of concepts to clarify its theoretical and conceptual scope. This chapter provides readers with a detailed clarification of a novel concept in political science -media capture- and develops a typology of strategies that elites used to capture the media. Conceptually, I classify these strategies in four categories regarding the type of actions elites use (ownership, violent, political, economic).

Chapters three and four explore and analyze the cohesion of elites in historical perspective in order to trace differences in Costa Rica and El Salvador. In chapter three, I argue, the cohesion of Costa Rican elites is the result of different factors. First, their common background that helped them to procure social prestige, access to the state, money and overcome dearth of labor and capital. Second, their shared ideology that settled down their internal disputes. Finally, their homogeneity of interest, that secured a friendly business agenda for a reduced number of groups through their active political participation. In this chapter the cohesion of elites is analyzed in order to understand that when elites' access to the state or their business agenda is threatened, they have been able to coordinate and sustain political actions without opposition, such as media capture, to secure status quo. This is so because cohesion has reduced inter-elites' conflict and has helped them to form, despite their sectoral differences, a community capable of engaging in political actions, organizing, and collecting money. That was the case of the organization created in 2014 to capture the media, Alianza Costa Rica

In chapter four, I study and discuss the fragmentation among Salvadorian elites. The fragmentation of elites caused that the elites' engagement in political actions, such as media capture, turned into an arena of dispute. In doing so, I address the issues of common background, shared ideology and homogeneity of interest of two different fractions of elites in El Salvador. With this as the focus, I study a group of what I have called *traditional elites*. These elites have prevailed since XIX century thanks to their control of main economic sectors, social closure, anticommunist ideology and neoliberal policies. Also, I study a group of counter-elites that gather together politicians and businesspeople that share ethnic origins, a

common reject to traditional elites and the will of promoting new political and economic actors. Once counter-elites won elections in 2009, they were able to form a common front and increase their political and economic influence based on privileged access to public funds and funding from Venezuela through ALBA Petr6leos. It is argued that the fragmentation of elites since 2009 augmented the competition among traditional elites and counter-elites to capture the media in 2014 elections.

Chapter five maps and discusses the networks built among media owners and media owners and elites. This chapter proposes media networks as another independent variable to explain differences in the media capture in Costa Rica and El Salvador. Focusing exclusively on media concentration runs the risk of losing track of the media possible contradictions and differences. In contrast, the focus on media networks unveil ties that unite or differentiate media interests and exposes variations in the networks. Literature has shed light on two main kinds of networks (Cardenas, 2012). A first type, named elitist networks, are characterized by high degree of network cohesion and a significant number of ties among elites. This type of networks promotes unity and the articulation of interest among the actors that join the network. Also, in this kind of network there is a powerful “inner circle” that facilitates the creation of alliances. The second type, pluralist networks, are characterized by a low level of cohesion that promotes individual actions instead of collective collaboration. The dispersion of these networks point out to the creation of different centers of power which increase the competition among actors (Cardenas, 2012; C6rdenas, 2014).

The empirical chapters follow. In chapter six, I show that in Costa Rica the capture of the media was coordinated due to elites’ capacity to organize a common block. Elites were able in a brief period to collect money, gather information, lobby and pressure media owners to frame Frente Amplio and its’ candidate as a “populist/communist” threat to Costa Rican democracy, liberty, and freedom of the press. For media owners, it was not just political affinity with elites, but also a matter of access to money and privileged status among the upper circles. In chapter seven, I show that in El Salvador media capture was an arena of dispute. Elites on their side used their ties with traditional media to suppress information when it was necessary. They also organized with business associations and think tanks the production of negative information about the performance of the first FMLN government that was distributed as such by traditional media. Likewise, counter-elites used contracts and money to pact with media owners to reduce negative information and to reproduce the frame “the corrupts”- with

the main goal of hurting electoral aspirations of ARENA. They were also keen in founding new media. These new media gave back counter-elites the opportunity they lost after peace agreements: the possibilities of having their own media.

The final chapter concludes that the influence of elites relies on their capacity to capture the media to prevent people of exchanging or acquiring information and ideas that may affect the interest of elites. It also offers a perspective of how this research inform debates conceptually and methodologically around media capture and elites and also shed light on new avenues for future research in Latin America.

# 2 THEORETICAL FRAMEWORK

## 2.1 Introduction

Since the 2009 economic crisis, issues relating to “elites” and “media” once again gained immense relevance in public debates, coffee discussions or even parties. The triggers of the popularity of these two concepts are the economic crisis of 2009, the publication of the book “Capital in the Twenty-First Century” authored by the French economist Tomas Piketty (2014) and the election in 2016 of Donald Trump. The crisis and Piketty’s book opened up a debate about wealth concentration and inequality in a tiny fraction of the world population (1% or even 0.1%) (Braig, Costa, & Göbel, 2016). The latter stimulated debates about the role of media in daily life, especially during electoral campaigns. Likewise, international organizations such as International Monetary Fund, and especially OXFAM International have started to draw attention to global unequal wealth distribution whereby the richest one percent accumulates 50.1% of the world’s wealth (Oxfam, 2018). Despite this attention elites are one of the most disputed concepts in academia and one of the poorest defined by the public or practitioners. On the other hand, media capture is a novel concept that has been related to political transition processes in Eastern Europe where the government’s control of media is entangled with private interests (Mungiu-Pippidi, 2008; Schiffrin, 2017).

This chapter seeks to address theoretical and conceptual clarification for the main concepts used in this research. The main goal is to establish a framework for the debate about my main theoretical assumptions about elites, as well as to explore possible theoretical contributions of the differences of media capture by elites. Drawing on the literature on political economy, media and business, as well as empirically grounded evidence, I developed a typology of strategies based on the different actions the elites used to capture the media. These strategies as described in detail below are divided into sections on political, economic, ownership and violent strategies. While most of the literature has focused on media ownership as a source of explanation of media capture, this dissertation advocates for a more detailed and precise description and analysis of different strategies. Also, in the inclusion of the concept of counter-elites this dissertation encourages a more comprehensive view of media capture, in which not only ruling elites can benefit from it but also opposing actors. This approach seeks to broaden

the debate about how privileged actors may affect media coverage which in turn may influence a broad public audience.

## **2.2 Media Capture**

There has been a long tradition of research on how privileged actors, such as governments and elites, seek to manage or suppress information, including the selection and framing of the public agenda. Scholars have claimed that influencing media in such a manner is done in order to shape public opinion (Bajomi-Lázár, 2014; Castells, 2013; Curran, 2002; Golding & Murdock, 1991; Hallin & Mancini, 2004; Herman & Chomsky, 2010b; McChesney, 1997). Political economists have traditionally defined media capture almost exclusively as the direct control over mass media companies (Bagdikian, 2014; Golding & Murdock, 1991). For scholars like Mills, Milliband Chomsky and Hernan, media is described as the most direct socialization factor which is most immediately accessible by elites to deliver their message and manufacturing consent (Herman & Chomsky, 2010b; Miliband, 1969b; Mills, 2000). Likewise, some of the most influential studies have worked with similar concepts such as the propaganda model or instrumentalization of media (Bajomi-Lázár, 2014; Hallin & Mancini, 2004; Mancini, 2012; Meyer, 2002).

In their propaganda model, Herman & Chomsky (2010), emphasized in which ways state bureaucracy, official censorship and monopolistic control over the media is used to explain how the media serves the ends of dominant elites. The model traces the routes by which money and power filter news to serve the interest of governments and business (Herman & Chomsky, 2010b, p. 257). Nevertheless, their model, focused on State actors, gives an excessive role to private media in this way constraining elite's will. For instance, the authors' approach suggests that it is more difficult to unravel propaganda models when private media is involved (Herman & Chomsky, 2010b, p. 257). The model has further been criticized for lacking empirical evidence and knowledge about the audiences (Freedman, 2014b).

Other authors have employed a concept called "instrumentalization of media" (Hallin & Mancini, 2004). This model refers to the control of media by external actors -social movements, political parties, or economic elites- to influence the world of politics (Hallin & Mancini, 2004). For the authors, instrumentalization may be witnessed in unstable political,

ideological and economical contexts. Thus, the concept rather implicitly refers to specific countries than to a common phenomenon. It is Hallin and Mancini's claim that the instrumentalization of media focuses on specific interests and goals of groups, instead of aiming at producing informed citizens (Mancini, 2012). Instrumentalization targets media as a tool to intervene in the decision making process, reach specific goals or to support political candidacies (Mancini, 2012, p. 271). One of the problems of this concept is that lacks explicative analysis since media owners can also use the media for their purposes (Kocks, 2016).

Despite the fact that the boundaries between the propaganda model, the instrumentalization concept and the media capture model cannot always be clearly established, I will nevertheless rely in my research on the media capture model because this concept in my view best explains the collusion of governments and elites in not informing but using media to their own particular benefits such as image building, extracting money or intervening in the decision-making process (Mancini, 2012; Mungiu-Pippidi, 2012; Schiffrin, 2017). Media capture in this context is not a new phenomenon but rather an old one. In places ranging from the United States, Spain, United Kingdom, Argentina, China, Tanzania, Mexico, Central and Eastern Europe, Italy, Tunisia to Turkey there has been an increase of examples of media capture in the last two decades (ATAL, 2017; Di Tella & Franceschelli, 2011; Durante & Knight, 2012; Enikolopov et al., 2011; Hughes, 2006; LABIDI, 2017; Qin, Wu, & Strömberg, 2014; Stanig, 2014; Strömberg, 2015).

Likewise, the concept of media capture is closely related to another concept developed since the beginning of the 2000s' by international financial institutions, academicians and practitioners: the model of state capture. This concept has been used to talk about private companies shaping policy and legal environment at the expense of the rest of the economy (Hellman, Jones, & Kaufmann, 2000). In this context, the term state capture became popular among those interested in knowing how companies exert influence and collude with public officials to extract advantages (Carpenter & Moss, 2013; Dal Bó, 2006; Durand, 2016). The term *capture* was first coined in the seventies to describe a process where specific economic groups could use public resources and power to improve their economic status (Stigler, 1971). In this tradition, the focus has been centered around private actors whose structural characteristics, such as market dominance, economic capital or closeness with public officials provided them with advantages over other actors to receive benefits from public contracts,

policy regulations or tax reimbursements (Carpenter & Moss, 2013; Crabtree & Durand, 2017; Hellman et al., 2000).

In the case of media capture, the concept started to evolve from a well-known forensic work in Peru. In their study, McMillan & Zoido (2004) accounted for how Vladimir Montesinos, head of the National Intelligence Services, recorded (written or videotaped) his bribes to judges, politicians and media owners. The strategy of Montesinos and president Alberto Fujimori was to buy off those institutions that could check their power. A primary finding that since then has explained the research on media capture was that Montesinos has paid media owners one hundred times more money than he has paid to politicians and judges (McMillan & Zoido, 2004). Montesinos and Fujimori realized that media hold-up power in a way not even politicians or judges do, and that media could be a more constraining mechanism than politicians or judges (McMillan & Zoido, 2004, p. 86). Since then, media capture studies, with a notable emphasis on economical approaches, have sought to model how media capture can explain inequality (Petrova, 2008), government accountability (Besley & Prat, 2006a), distort collective actions (Bajomi-Lázár, 2014), advance government agenda (Dragomir, 2017) or the quality of policy and welfare (Strömberg, 2015).

For the purpose of this research, I rely on the concept of media capture in order to explain the situation when elites exert direct actions over media to suppress or to disseminate (un)favorable information. Among the direct actions in the elites' hand are the use of force, violence, bribery, advertisers influence, media ownership, censorship, legal favoritism, public relations or lobby. Media capture in these regards, to quote Bernard Cohen (1963), may not be successful most of the time in telling people what to think, but it is stunningly successful in telling people what to think about.

This concept follows the main theoretical discussions of Petrova (2008), Corneo (2006), Prat (2015), Mungui-Pippidi (2013) and Bajomi-Lázár (2014). The authors have focused on two main approaches to understand media capture. First, media capture is described as an expression of the power of the wealthy and of interest groups (Corneo, 2006; Petrova, 2008). Second, the scholars explain media capture as an expression of the power of political actors, such as governments and political parties (Bajomi-Lázár, 2014; Mungui-Pippidi, 2008; Prat, 2015). For Petrova (2008) the rich spend money influencing media companies to affect policy preferences of voters. In the author's perspective media capture "is a form of institutional

subversion used by the rich to grasp the benefits in the struggle for resources in an economy” (Petrova, 2008, p. 187). For her, the higher levels of income inequality “makes media capture more profitable for the rich, and the probability of media capture grows” (p.184). Petrova (2008), suggests that media capture occurs when the rich use money (buying media firms, paying for political advertising, bribing) to influence media. In a similar line, Corneo (2006) explains that media might collude with interest groups to influence public opinion. For Corneo (2006), who lacks a definition of media capture, wealth concentration increases the probabilities of media capture. Corneo is critical in shedding light on the actors and media intentions behind media capture. He argues that, there is a group of actors willing to pay media to affect voters’ decisions, and also a group of media willing to accept money to inform the public in a way that serves the interest of the donor. On the other hand, Bajomi-Lázár, (2014), Mungiu-Pippidi (2008); Prat (2015) and Dragomir (2017) add methodological and theoretical explanations of media capture operated by governments. For instance, in Prat (2015), the media capture model depends on governments capacity to single out media companies for rewards and punishments, and to also select weak institutions that cannot exercise checks-and-balances. Also, different empirical studies have shown that when governments decide to advertise in a specific media company, that company is less likely to talk about government corruption (Di Tella & Franceschelli, 2011). The same applies to cases in which governments have implemented defamation legislation, like in México, media reduced the coverage of corruption in states with a more repressive defamation law (Stanig, 2014).

Nowadays, the changes in technology and the loss of subscribers and advertisers of many outlets have increased the need for media to make pacts with governments or/and elites to finance their operations. Considering that governments are usually the main advertisers, and that the economy tends to be more and more concentrated around few business groups, the chances for media capture are higher when media depends mainly on public or private advertisers rather than on independent revenues (Curran, 2002; Enikolopov & Petrova, 2015; Petrova, 2008; Strömberg, 2015).

In this context, this research seeks to address and sum up the current theoretical discussions about media capture emphasizing it as a situation where actors in privileged positions, namely elites seek to change the course of media coverage through different strategies and actions. Likewise, in contrast to other approaches mentioned above, this research emphasizes on interviewing elites, SNA, historical analysis and empirical grounded evidence to give an

account of differences and explanations of how media capture could occur in times of electoral processes.

## **2.3 Uncovering the Strategies of Elites to Capture the Media**

As it was defined above, elites need media to promote their views and shape public opinion. Nevertheless, there has not been any agreement among scholars on the strategies and actions elites carry out to capture the media. While most of the academic research in this field has focused on the ownership of media, this section aims at informing and building a broader debate on elites' strategies to capture the media to suppress or influence information. Drawing from the literature on the political economy of media and business (Miklian & Rettberg, 2017), as well as from empirical evidence, I first develop a typology based on four main strategies, and second describe multiple actions elites could use to capture the media. These strategies may act in two principal directions: suppressing information or modifying and influencing what is reported by the media.

### **2.3.1 Economic Strategies**

These strategies are related to the elites' capacities to (re) allocate money (legally or illegally) in media to modify or change the production and distribution of information. Media tend to be more oriented to the elites rather than the poor because elites grant advertiser rewards (Curran, 2002). Such economic strategies are based on a simple concept: elites exert clear or dubious influence by rewarding some media that offer positive information about their products, projects or ideas while punishing or threatening to punish others that are critical of them (Curran, 2002). Apart from advertising rewards, elites may use money transfers to buy the willing of outlets and journalists to influence directly their reports (bribery). In Latin America where advertising is provided mainly by a small pool of advertisers, the State and business companies, the chances to capture the media are higher due to the role of advertiser's economic influence. Among the actions the elites can use they have bribery, money transfers, advertisers influence or donations.

### **2.3.2 Political Strategies**

These strategies refer to the actions of elites to influence the way policies and politics in general are framed (Miklian & Rettberg, 2017). Elites may use superior information access and expertise via business organizations, think tanks, public relations or lobby campaigns to influence what is reported (Fuchs, 2007). Elites may promote official statements, “media tours,” organize “newsworthy” events, publicity campaigns or films to express their views during elections or policy reforms (Fuchs, 2007). All those events are oriented towards providing media with elites’ views and perspectives about specific topics. Elites’ related think tanks may also provide outlets and journalists with documents, reports, and information. Elites and think tanks spokespersons may receive more media attention based on the general perception that these people are well prepared and informed. This in the end, increases elite’s political potential and legitimacy (Almiron, 2017; Bernhagen, 2008; Pautz, 2011). Elites may also lobby media owners. In Latin America, the different networks that tied elites and media owners (familial, kinship, friendship, business interlocks), facilitate the lobby. Those elites are usually family, advertisers or business partners. Lobbying media owners is common and not a well-studied mean of influencing information in Latin America. In these matters’ elites can use lobbying and public relations campaign, reports from business associations and think tanks, or newsworthy events (Fuchs, 2007).

### **2.3.3 Ownership Strategies**

These strategies are related to a particular form of capture. While nobody can openly buy a regulatory institution, elites can and do buy media (Stiglitz, 2017). Through the ownership of media or the interlocked networks among media owners and elites, the latter can veto media content that questions socio-economic structures and elites’ interests (Waisbord & Segura, 2016, p. 26); allocate people (journalist, editors) and influence editorial agenda (Davis, 2007). Elites have interests and perspectives that differ from the rest of the society and have a stake in the status quo (Curran, 2002; Freedman, 2014b; Stiglitz, 2017). They tend to use media to oppose progressive taxes and regulations and to support political parties with similar political agendas that at the end increases the electoral advantage for right-wing parties (Fairfield, 2015). These strategies are on the rise in Latin America, where the wealthiest elites in different countries have started to buy or form new media. The new digital technologies have reduced

entrance barriers and have increased the opportunities for wealthy elites to form digital media. It has been the beginning of what Stiglitz (2017) calls “the new toy for the super-rich.” Central actions of ownership strategies: media ownership; allocation of people, private reprimands, theme selection, headlining and censorship.

#### **2.3.4 Violent Strategies.**

These are the most radical strategies elites can use with the primary goal of silencing the media. By relying on the use of physical force, violence or intimidation, elites seek to shock media and journalists. Violent strategies are an effective way to reduce accountability and allow the emergence of non-democratic ends (Cottle, Sambrook, & Mosdell, 2016). Every day, these strategies are used in Latin America, particularly in México, Brazil and Colombia (Waisbord & Segura, 2016). In the region, institutional weakness and impunity granted to elites and organized crime with incentives to pursue violent strategies as an effective tool to censor media and journalists due to the lower chances of being caught (Cottle et al., 2016). Those with money are the ones who give orders and pay hitmen (*sicarios*) to execute them. For example, in Costa Rica in 2001 an outspoken and corruption-hunter journalist, Parmenio Medina, was killed in his house by two hitmen. A businessman, Omar Chaves paid the killing. He had been accused and denounced for money laundering in Medina’s radio program. The common actions used are killings, physical threats, and kidnapping.

These four strategies illustrate tools and goals which can help to build a more detailed framework for the study of elites’ influence on media. The given definition of these strategies allows us to understand which actions and resources the elites may need and what structural context would facilitate media capture. The differentiation between strategies and actions not necessarily denied the overlapping, but on the contrary allow us to understand when elites may seek to act as “censorial” (ownership and violent strategies) or “consent builders” (political and economic strategies).

## 2.4 Elites

The core of multiple debates about influence and power is centered around the idea that there may exist in any society a minority of the population which can influence major decisions (Parry, 2005). Different from other paradigms that propose a diversity of groups that employ non-cumulative power in only one or few sectors at the same time (Dahl, 1973), the elitist paradigm proposes the idea of a small group of people that gain power from the fact that they form a more or less compact entity (Mills, 2000). Pareto (Pareto, 1935), for instance, defines elites as distinct individuals with most excel in all aspects of life, those with power and wealth. Mosca, another classical author on elites, defines elites as a small number of people with control over the government of those governed, the masses (Meisel, 1958; Mosca, 1896). Common denominators on the definition of elites in these classical literature pieces are their description of elites as *la crème de la société* and on common characteristics of these individuals: consisting of a small number of people, cohesiveness, stability and that they share significant decisional power (Higley, 2018).

Mills (2000) did shed light on an unequal distribution of power associated with the existence of a selected group of people at the top of business, politics and the military. For Mills, these three sectors form the centers of power in any given society. Their interdependence and intensive coordination shape the power of elite (Hartmann, 2007). These elites share some characteristics. They share a common identity defined by the similarities of societal origins, parental backgrounds, education and training, and social ties (Hartmann, 2007; Mills, 2000). These characteristics help elites to reinforce their advantageous positions and domination over other groups in the society (Parry, 2005, p. 30). For Mills, the social mingling among elites and the many ties they share in different areas have equipped them with “a common class consciousness” (Mills, 2000).

Contemporary research on elites has more critically described elites as active groups with not necessarily homogeneous perspectives (Hoffmann-Lange, 2018). Some of these new approaches differentiate types of elites (Keller, 2017), their transnational nature (Carroll, 2013; Robinson, 2003; Van der Pijl, 2005); their circulation (Rentería & Figueroa, 2016; Szelényi & Szelényi, 1995); elites and financialization (Davis & Williams, 2017) or their role in

institutional building (Acemoglu & Robinson, 2013; Schoenman, 2014). Rather than focusing on the study of the characteristics of elites that were taken for granted by classical studies, nowadays researchers have focused on cooperation, organizational structures, prevention of inter-elites' conflicts, new state-elites' relations and degrees of elites' cohesion (Davis & Williams, 2017; Hoffmann-Lange, 2018).

In Latin America the long tradition in the study of elites has led to the shared understanding of elites as a small group of people who occupy or control resources from powerful organizations and whose privileged positions allow them to exert formal and informal influence over societies (Birle, Maihold, & Potthast, 2007; Bull, 2014; Camp, 2002; Casaús-Arzú, 1992; Crabtree & Durand, 2017; Durand, 2005; Kaltwasser, 2009; Lipset & Solari, 1967; Mahoney, 2001; Paige, 1998; Salas-Porras, 2014; Saxe Fernández, 1999; Stone, 1982; Vilas, 1992; Zeitlin, 1974). One characteristic of Latino elites is their historically overlapping among political and economic elites (Anderberg, 1967; Bull, 2014; Cardoso, 1968; Saxe Fernández, 1999). Historically, the state building process in the region led to the development of a class that in order to maintain its privileged positions took direct control over state institutions (Stone, 1982). While in some eras, elites decided to run the government directly, in other periods, elites used a variety of means to maintain their influence over the State (Paige, 1998). Among these means, elites used the military to defeat contested social movements, or electoral frauds and political violence to block the emergence of contesting elites (Acemoglu & Robinson, 2006; Paige, 1998). Since the second part of the twentieth century, the overlapping of political and economic elites in Latin America has been favored by three main situations. First, politicians turned to economic elites thanks to the import substitutions industrialization policies in the sixties and the privatization of public enterprises in the nineties (Franco & Sojo, 1992). Second, the recruitment of economic elites into the governments via traditional parties (Fairfield, 2015; Heredia, 2004). Third, a recent situation defined by the formation of new political parties lead by elites, such as PRO in Argentina or National Renewal in Chile.

Taking the above context into account, in this research elites will be defined as male individuals, that own or control the largest companies in the country and that due to their personal economic capital and/or company's stake in the local economy, they also play an important political role. This definition allows me to limit elites to a specific type of individuals: male owners of largest companies in a country. For instance, Francis Durman

Esquivel in Costa Rica owner of the business group Montecristo or Ricardo Poma, CEO of Grupo Poma in El Salvador.

## **2.5 Counter-Elites**

Another critical concept proposed in this research is the “counter-elites” concept. In the classical debate proposed by Pareto, there is an inescapable historical law where elites may be replaced by counter-elites (Pareto, 1935). Counter-elites emerge among the masses to fight the ruling elites by using precisely those tactics the elites lack (Hoffmann-Lange, 2018, p. 56). The key for an elite’s stability as proposed by Femia (2001) would be an even balance between force and persuasion. Counter-elites is also a concept referred to in Schumpeter’s 1942 work, as those that in a defined democracy mobilize the masses to get rid of the potentates by the grace of vote (Schumpeter, 1942).

In Latin America this conceptualization is connected to works that have considered social movements, leftists parties, and guerrillas as counter-elites. For these researchers in Latin America, the counter-elites concept is defined as a group of actors that wants to conquer power and pursue ideas and interests in contrast to those from the ruling elites (Dallanegra Pedraza, 2013; Espinoza, 2014; Espinoza & Franz Junior, 2016; Waldmann, 2007, Maihold, 2007). Recce (Recce, 2010) goes further and defines the concept regarding ethnic origins and historical exclusion. This differentiation based on ethnic origins is central in this research. Also, Rovira-Kaltwasser (2018, p. 269) argues that contestation and struggle exist in any society between elites and counter-elites on how to guide and command societies. For the author, the development and changes in the society pose challenges for the ruling elites. For Rovira (p.270), elites may usually prevail, but in different circumstances, counter-elites may gain influence and sometimes may even replace those at the top. In the case of Latin America, as pointed out by Rovira, growing public discontent and growing inequalities have led to the emergence of counter-elites that have led the resistance against those at the top.

Taking the above said into account, in this research I define counter-elites as individuals and organizations that have opposed power structure from which elites have benefitted and against which they have formed a common front to replace them through electoral processes, social mobilizations, or revolutions. Counter-elites may share ideas and alternatives that oppose

ruling elites, but also, ethnic origins. Counter-elites are most likely to emerge in societies highly polarized by class, ethnic origins or public discontent.

## **2.6 The Cohesion of Elites**

Another fundamental concept of this research is the cohesion of elites. Cohesion assures that elites cooperate in political actions to defend their interest without competition. Cohesion, also referred in many studies as unity, has been subject of intense debate for many years. On the one side the pluralist school lead by Dahl (1973) that recognizes elites' conflict and fragmentation as a cornerstone of polyarchal pluralism. On the other side, elitist paradigm that despite acknowledging fragmentation as a process of elites' development, it emphasizes various actions that may facilitate the cohesion of elites such as interlocking directorates, business associations, political parties, family ties or club memberships (Domhoff, 2006a; 2009; Mills, 2000; Zeitlin, 1974).

For the classical authors such as Meisel (1958) cohesion is a central aspect of elites' DNA, together with consciousness and conspiracy (triple C's). For Meisel, if elites do not act as a unified body, they are less an elite and fall under the category of "top persons" (Parry, 2005, p. 29). Classical authors such as Mosca and Michels believe that elites' cohesion was defined by "a small number of people with similar interest" (Hoffmann-Lange, 2018; Michels, 2005; Mosca, 1986). This idea, as pointed out by Parry (2005), suggested that elites constitute a static, coherent and united group. Rather than considering cohesion generated by the "principle of small numbers", authors, like Mills (2000) have defined cohesion as a complex process where social intermingling, psychological similarities, structural coincidences of commanding positions and coordination have helped elites to pursue more easily common interests (Mills, 2000; Pakulski, 2018). Mills' suggest that the increased concentration on property in big corporations led to a larger cohesion among elites. He describes cohesion as an outcome of the elites' common interest. For the author, since most of the largest companies are owned by proprietors that share multiple boards, they have exchanged reciprocal views and have expanded their individual interest to embrace the interests of their entire class (Hartmann, 2007; Mills, 2000). In Mills, elites' cohesion is regarded also as an outcome of common social background and as one of its core resources (Kocks, 2016; Mills, 2000).

The majority of scholars examining the concept of elites' cohesion has referred to two aspects of it. First, political behavior, common rules, institutions and norms that constraint opposition and the need for regulation of elites' conflict. Second, the interactions and networks of elites that shape values, allow communications and reinforces consensus (Cárdenas, 2014; Hoffmann-Lange, 2018; Parry, 2005). However, one of the significant challenges is how to unravel empirically the ties that link together elites, as commonly assumed by Mills (2000). In resolving these challenges, different studies, as pointed out by Hoffmann-Lange (2018), have relied on different informal and personal indicators such as class background, family, religion, ethnic identities, education or social clubs (Casaús-Arzú, 1992; Domhoff, 2006b; Fairfield, 2015; Stone, 1982; Szelényi & Szelényi, 1995; Zapf, 1965).

In Latin America, the cohesion of elites has been a useful tool to explain different political process. Peace negotiations in Central America and Colombia (Rettberg, 2007). Tax policy reforms in Honduras, Guatemala, El Salvador, Chile, Argentina and Bolivia (Fairfield, 2015; A. Schneider, 2012). Social and market incorporation in Costa Rica (Sánchez-Ancochea, Martínez, & Martí, 2015). Income distribution in El Salvador and Honduras (Martínez-Vallejo, 2017). Despite explanations of elites' cohesion like business associations (B. R. Schneider, 2009), interlocking directorates (Cardenas, 2014a) or family ties (Casaús-Arzú, 1992), in this research, I focus on the interplay of four main cohesion forces: common background; shared ideology; homogeneity of interest and interlocking directorates (Cardenas, 2014a; Fairfield, 2015).

Cohesion, according to Fairfield (2015), describes elites' potentials to organize and sustain a united front and engage in collective action. When elites organize and form united forces, they collaborate, mobilize resources and transcend their interest to achieve elites-wider goals (Bernhagen, 2008; Domhoff, 2006a; Mizruchi, 1992; Zeitlin, 1974). In fact, as Vogel recognizes, elites' cohesion has often resulted in impressive political power (Vogel, 2003). I argue that when elites are cohesive, prospects of media capture regarding specific economic, media, and political interest tend to be stronger than when different fractions act independently. In fact, elites' cohesion implies that elites will need less resources, actions and time. Fragmentation on the contrary requires a strong grip over the media. While cohesive elites might just need some influence over the media, fragmented elites need to rely on means of censorship to constrain information. I will argue that cohesion might boost elites use of

political and economic strategies, while, fragmentation might require ownership and violent strategies to modify what is reported on media.

In this research on the operationalization of the degree of cohesiveness among elites I analyzed four factors: common background; shared ideology; homogeneity of interest; and networks. For Mills (2000) a particular distinction of elites is the “common background” defined by family history, education, and training. Common background is essential because it entails elites with a common judgment that allows them to coordinate political actions. Shared ideology allows elites to promote a sense of community and shared identity, while maintaining and justifying social differences and unequal access to wealth and authority (DeMarrais, Castillo, & Earle, 1996). Homogeneity of interest, understood as a narrow range of economic and political interest, makes it easier to sustain a united front and it is a competitive advantage enjoyed by elites over other groups (Fairfield, 2015; Heath, 2011). Finally, networks are a feature of elites that allowed them the unification of interest. Mills and others have drawn attention to a particular form of elite’s networks, the ones formed by directors that occupy two or more directorships in different companies (Mizruchi, 1992; Zeitlin, 1974).

In the next three chapters I operationalize these variables to compare the cohesion among elites in Costa Rica and El Salvador. Specifically, in chapters two and three I study the different structures elites have built in each country. In the case of Costa Rica, I found a cohesive elite that has established strong capacities to transcend their particular sectorial interest to meet, fund and engage in political actions when their business-friendly agenda has been subject to threats since the mid-1980s. In El Salvador, on the contrary, I found a fraction of elites that has shared for a long time an indisputable hegemony but since 2009 has been challenged by a group of counter-elites. Finally, in the chapter five where I analyzed the networks created by media owners I concluded that media owners may be incorporated with large business communities to form larger media-economic communities.

## 3 Cohesive Costa Rican Elites

“Para empezar, el empresariado costarricense, la derecha más derecha, es izquierda en El Salvador. A nosotros nos estereotipan diciendo es que ustedes los ticos, no jodás. O sea, ustedes a dónde dicen que son derecha. Si ustedes creen en la igualdad y creen que tiene que haber un seguro social para todo el mundo, y creemos en que la educación tiene que ser para todos. O sea, nosotros los ticos en eso somos bastante diferentes. Entonces somos una mezcla complicada”.

Businessman ten, August 2015

### 3.1 Introduction

Two months before the 2014 elections, a poll revealed high chances of an electoral victory on the left, but fifty leaders of main Costa Rican business groups stood ready to make those chances slim. They had the money and information. They also knew the strategy to follow: capturing the media. This was not the first time they would capture the media to overcome a threat. Seven years earlier, in 2007, a national referendum threatened elites and traditional parties to be excluded from Central American Free Trade Agreement (CAFTA). As a response, elites started an unprecedented movement called *Alianza por el Sí* to push for the political and electoral approval of CAFTA. This *Alianza por el Sí* succeeded in capturing the media, flooding TV broadcasters and newspapers with extremely positive coverage about the benefits of CAFTA and with negative information regarding the non-approval of this commercial deal (Cortés Ramos, 2008). Eventually, CAFTA was approved in the national referendum. The approval of CAFTA was the pinnacle of business-friendly driven agenda.

In 2013, two months before presidential elections, elites were worried about the possible electoral defeat of *Partido Liberación Nacional* (PLN) and in consequence their risk of being excluded from government for the first time in 30 years. With the experience of CAFTA, elites again took initiative and created an informal association, *Alianza Costa Rica*. This time the goal was to impede an electoral victory of the Left. The CAFTA referendum and the 2014 elections revealed the remarkable capacity of Costa Rican elites to act as cohesive group to organize, defend a policy agenda, and coordinate political actions when they feel threatened.

This is possibly the most important single factor to explain why, historically, elites in Costa Rica have experienced few threats and scarce periods of turmoil. They overcome disputes through cohesion.

The cohesion of Costa Rican elites is the result of different factors. First, their common background that helped them to procure social prestige, access to the state, money and overcome dearth of labor and capital. Second, their shared ideology that settled down their internal disputes. Finally, their homogeneity of interest, which as a result secured a friendly business agenda for a reduced number of groups through their active political participation. In this chapter the cohesion of elites is analyzed in order to understand that when elites' access to the state or their business agenda has been threatened, they have been able to coordinate and sustain political actions without opposition, such as media capture, to secure status quo. This is so because cohesion has reduced inter-elites' conflict and has helped them to form, despite their sectoral differences, a community capable of engaging in political actions, organizing, and collecting money. That was the case of the organization created in 2014 to capture the media, Alianza Costa Rica.

### **3.2 Costa Rican Elites: Common Background Coffee Boom and Civil War**

The coffee economy, as well as in the rest of the region, allowed a small group of families, with a shared colonial lineage, to amass fortunes and control the government until 1948. With the civil war in 1948, the Cafetaleros were displaced from the center of power, while the government promoted new economic actors: the Industrialist (Rovira-Mas, 1982). These two fractions shared in common a past of economic growth linked to the State. Different from other elites in Central America, Costa Rican elites' relations with the State would be defined by access to markets, but most important by their direct and active participation in politics (Stone, 1976). While the cafetaleros got into politics mainly to secure social prestige, the industrialists' relations with politics were mainly shaped to secure and promote their investments, as well, as to restrict other competitors. In these regards, in this section I analyze the origins of these two fractions to show that despite of their differences, they share a common background that has shaped their need to control the government.

### 3.2.1 The Cafetaleros' Fraction

Before the first coffee tree was planted in the 1830s by a German immigrant, Geog Stiepel, Costa Rican elites were among the poorest in the isthmus (Acuña Ortega & Molina Jiménez, 1991; Gudmundson, 2010; Stone, 1976). In colonial times, Costa Rica was economical, geographical and politically isolated from the colonial center of power in Guatemala. There was insufficient slave labor (indigenous people) and mineral resources to make Costa Rica really interesting for the colonial powers (Acuña Ortega & Molina Jiménez, 1991; Gudmundson, 2010; Winson, 1989). The *conquistadores* who settled down in the country, rather than being powerful *hidalgos*, they belonged to an *hidalguía* rural (Stone, 1982). Colonial institutions such as *latifundio*, *la encomienda* and *el repartimiento* were incomplete in Costa Rica (Gudmundson, 2010). Because of these factors, for a long period of time (1650-1790), a small group of people struggled to open and diversify the Costa Rican economy through cacao production. While this cacao production allowed the accumulation of limited wealth for very few people, it also reduced external demand and colonial control over the country's economy. This situation made it impossible for a solidified elite in Costa Rica to emerge until the boom of the coffee industry (Acuña Ortega & Molina Jiménez, 1991; Gudmundson, 2010; Winson, 1989).

Contrary to what happened with the cacao, the coffee boom of the XIX century caused the emergence of a new class: the cafetaleros. This emergence was facilitated by large areas of empty productive land, sparse population and no institutional constraints whatsoever (Winson, 1989, p. 12). The arising elite group was made up of affluent Costa Rican families. Among the Costa Ricans, the cafetaleros were joined by prominent political leaders that since 1840 started business companies to export coffee such as Gordiano Fernández and Mariano Montealegre<sup>2</sup> (Fernández & Montealegre); Juan Rafael Mora Porras<sup>3</sup> and Vicente Aguilar Cubero<sup>4</sup> (Mora & Aguilar); José María Cañas<sup>5</sup> and José María Montealegre<sup>6</sup> (Cañas & Montealegre) (Quijano quoted in Stone, 1976b, p. 80). During these years coffee exports grew

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<sup>2</sup> He was a diplomat and Head of State of Costa Rica.

<sup>3</sup> President of Costa Rica 1849-1960.

<sup>4</sup> He was a Supreme Court judge, Vice-President, President of Congress and Minister of Finance.

<sup>5</sup> Prominent politician, married to Guadalupe Mora Porras, sister of Costa Rican presidents Juan Rafael and Miguel Mora Porras.

<sup>6</sup> President of Costa Rica from 1859 to 1863.

exponentially from twenty thousand kilos in 1832, one million kilos in 1840, four million in 1850 to more than 20 million kilos at the end of XIX century (Gudmundson, 2010)

A singular characteristic of the cafetaleros is that two-thirds of these families came from the same two colonial families (Stone 1976b). These inbred relationships advanced control over politics because members of the same family used to occupy official or opposition roles<sup>7</sup>. The cafetaleros' enrollment in politics has been a singular characteristic of Costa Rican elites in contrast with the elites from other countries in the region. For Stone (1976b), the limited access to resources (land, slave labor, capital) -in comparison with the rest of the countries in the isthmus- forced Costa Rican elites to enroll in politics to gain social prestige but also to control, promote and defend their economic interest. Also, it should be considered that the cafetaleros economic power and influence was largely based on activities where politics played a crucial role, such as, processing, trade, and credit (Hall, 1978; Paige, 1998; Seligson, 1980; Stone, 1982). The resources that arose from coffee exports, which represented between 75% and 95% of total exports, increased the State's economic support for the national army. Also, the cafetaleros play a crucial role in the consolidation of the army through designation of members of their families in high rank positions in the Army. Some of them were , such as Tomás Guardia, Bernardo Soto, and Próspero Fernández, three military men who ruled Costa Rica between 1870 to 1890 (Stone, 1982).

Later on, the cafetaleros were joined by more migrants (Spaniards, Germans, French) who arrived mainly to Costa Rica in the second half of the XIX century motivated by the coffee boom economy. Due to the scarce land and fierce control over coffee production, some of those migrants moved to the commercial sector where they became powerful *comerciantes* since then. That is the case of the Uribe family (see table 3). They arrived in Costa Rica in the late 1890s and founded a “department store” –Almacén- together with an important Cafetalero Family –Cañas Mora- in 1903. Then, in 1909, together with another Spanish migrant family, they expanded their store in 1909. During most of the XX century, the Uribe's family ruled the largest and most important retail chains in Costa Rica. They sold it to Wal-Mart in 2007.

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<sup>7</sup> A singular case is Juan Rafael Mora Porras who controlled 8% of total exports and 16% of coffee processing capacity between 1846 and 1850. Mora Porras became president in 1850 and then he appointed family members in prominent public offices. Later he was overthrown and executed by order of his brother-in-law José María Montealegre Fernández (Paige, 1998; Stone, 1982).

Since 2008, they became one of the most important business groups –Cuestamoras- in the country with investments in energy, real estate, and pharmacies.

**Table 3: Grupo Cuestamoras, a Story of an Elite**

<b>Year</b>	<b>Family</b>	<b>Business company</b>	<b>Sector</b>
1903	Pagés Elías (Jerónimo) Cañas Mora (Rafael)	Almacén Dos Mundos	Retail
1909	Uribe Urreirteta (Enrique)	Uribe & Pages	Retail
1969	Pagés Elías (Jerónimo) Uribe Pagés (Enrique) Moretti (John) Hidalgo Solano (Samuel)	Más x Menos	Retail
1969	Uribe Pagés (Enrique) Moretti (John) Hidalgo Solano (Samuel)	Palí	Retail
1992	Uribe Saéñz Hidalgo Solano	Inmobiliaria Enur	Real-Estate
1997	Uribe Saéñz Hidalgo Solano	Corporación Supermercados Unidos (CSU)	Retail
2002-2008	Uribe Saéñz Hidalgo Solano	Joint-venture with Dutch Group Royal Ahold and the Guatemalan Group La Fragua (CARHCO)	Retail
2008-	Uribe Saéñz Moretti	Cuestamoras	Investment Fund Real Estate Energy
2009-	Barnabó Uribe	Da Noi	Gelateria
2015-	Uribe Saéñz	Farmacias Fischel	Drugstores

Source: own elaboration.

Media also constituted an important source of the cafetaleros' influence. In 1830, Miguel Carranza, a cafetalero, invested in the first printing machine in Costa Rica. Simultaneously, in 1833, *El Noticioso Universal* and *El Correo de Costa Rica* were published for the first time (Vega-Jiménez, 2007). In this period, media was consolidated as an important mechanism to solidify the hegemony of the cafetaleros. Due to the high illiteracy rates in the country, media was accessed only by the privileged cafetaleros families. It was an elitist media, where different actors from the most affluent families discussed social, cultural and political problems. Media, then, was meant as an instrument of social cohesion and identity-building among elite families (Morales, 1995; Vega-Jiménez, 2007).

In the onset of the XXth century, the rule of power of the cafetaleros started to decline due to several factors. First, the transformation of the municipal government led to a reduction of the cafetaleros political power. A proposal of president Ricardo Jiménez Oreamuno (1910-1914) enabled local leaders –*Gamonales*- to hold more significant decision-making positions at local governments. Since then, the Gamonales also increased their participation in national politics, enhancing diversity among national political elites (Stone, 1982). Second, with the introduction of the enclave economy of banana production, and the increasing production of sugar cane, cacao and rubber, the State started to diversify their sources of income, thereby challenging the cafetaleros economic power (Barrantes-Zamora, Bonilla-Quesada, & Ramírez-Cortés, 2001). Third, the banana enclave and the First World War increased the external demand for food products (potatoes and sugar cane), and also boosted demand of a limited resource in the country: the agricultural labor force (*peones agrícolas*). For instance, the relatively higher salaries offered by the United Fruit Company promoted migration of *peones agrícolas* from coffee plantations to the Caribbean coast (Stone, 1982). Fourth, the inter-war period provoked a contraction of one of Costa Rica's main coffee markets: Germany, that, together with the Great Depression drastically reduced coffee exports. International prices of coffee went from 0.60 cents per kilo in 1927 to 0.27 in 1932 (Paige, 1998; Stone, 1982). Fifth, the international context around the 1929 Great Depression facilitated the emergence of social forces that opposed the agro-export model and the cafetaleros' status quo, particularly the Communist Party (Botey-Sobrado & Cisneros Castro, 1984).

### 3.2.2 The Industrialist's Fraction

The 1948 civil war produced a division among elites. As the new presidential elections approached (1948), reformist forces led by José María Figueres aligned with the cafetaleros to support the presidential candidacy of Otilio Ulate. José Figueres Ferrer, a middle-size farmer, and leader of an emergent group of intellectuals from affluent Costa Rican families used radio and newspapers to call for the end of Calderón's government. Also, Otilio Ulate, director of the conservative newspaper *El Diario de Costa Rica*, used his newspaper to expose frenzied critics to Calderón (Rojas Bolaños, 1980; Rosenberg, 1981). The cafetaleros and Figueres even founded *La Nación* newspaper. *La Nación* was born of the principal objective of "combating" the Calderón government, and would become an influential political actor to counter his "calderocomunistas" policies (Ovares & León, 1979).

Ulate was declared the winner by the Electoral Tribunal, but the Congress, dominated by governmental and communist forces, declared null and void the elections (Lehoucq & Molina Jiménez, 2002; Rosenberg, 1981; Winson, 1989). As a response, Figueres declared a war that he won six weeks later. For 18 months, he ruled Costa Rica until he gave back the presidency to Ulate (Rojas Bolaños, 1980).

Despite having united with *Figueristas* forces to fight back against "the calderocomunistas," once concluded the war, the cafetaleros' fraction was displaced from political power. Rather than promoting a conservative restoration, Figueres and his allies sought to implement a new economic model that benefited the displeased middle class through economic diversification and the strengthening of a new group of elites (Rovira-Mas, 1982). To make the orientation of a new model clear, Figueres imposed different reforms that targeted the interest of the cafetaleros directly. For instance, he imposed a property tax to the owners of largest land properties; nationalized the banks in the hands of the cafetaleros; nationalized *Instituto para la Defensa del Café*, set a price that *beneficiadores* must pay to small producers, and also implemented a policy for increasing salaries. Figueres recognized the need of taking the bank sector out of the hands of Cafetaleros. According to Figueres's view, the strict cafetaleros control over banks had limited diversification of the economy and the strengthening of other groups (Brenes, 1990). In these regards, bank nationalizations also came as a sign to dethrone a financial fraction that had been a safeguard of status quo (Brenes, 1990; Rovira-Mas, 1982).

All of these changes implied a rupture in the orientation of traditional economic model and a rupture with the cafetaleros that with few exceptions were in control of the government since mid-1850s.

Additionally, to the bank nationalization, the Figueristas forces sought to have their own media. During this time, they founded or control media companies such as El Excelsior (newspaper); Canal 6 and Canal 11 (TV broadcaster), Radio Columbia and La Hora (radio). To fund economically these media companies Figueres and other PLN politicians contributed to personal donations. Nevertheless, the main funds came from foreign political parties and politicians allied with Figueres such as Sozialdemokratische Partei Deutschlands (SDP) from Germany; Acción Democrática from Venezuela and Partido Revolucionario Institucional (PRI) from México (Ovares & León, 1979). For the industrialist the new media was necessary to compete with media owned by the cafetaleros such as La Nación and Teletica (Vega-Jiménez, 1990).

In the 1960s the growth of industrialists was boosted by a new law that facilitated tax reductions, high tariffs against outside competition and subsidized credit to protect and finance industries (Industrial Protection and Development Act; 1959). The above also included the incorporation of Costa Rica into the Central American Common Market (CACM) in 1963, which opened new opportunities to expand business regionally (Martínez-Franzoni & Sánchez-Ancochea, 2017; Vega Martínez, 1982). For instance, during the period 1963-1975 more than 100 industrial companies were established, and the annual profit rate grew by 19% between 1962 to 1973 (Dunkerley, 1988, p. 611).

The industrialists included politicians from recently founded PLN such as Figueres and members of his family, and an important percentage of *comerciantes* (Herrero & Garnier, 1983). Among the benefited families were Yankelewitz, Durmán, Dueñas, Nowalski, Chacón, Crespo, Garnier, San Gil, Llobet or Quirós (Franco & Sojo, 1992; Solís, 1983). As a consequence the expansion of largest industries favored a concentration of industrial property in few families and foreign capital, mainly from the United States, but also, the bankruptcy of artisans (Herrero & Garnier, 1983).

Despite of their differences, the late 1970s shaped a tacit agreement among the cafetaleros and the industrialists to oppose the increased participation of the State in the economy. For Richard

Beck, a well-known industrialist and relative of Figueres, the State and its enterprises<sup>8</sup> were playing in a field that belongs to private actors (Robles Rivera, 2014). The agreement of these two fractions was that the increased role of the state in the economy jeopardized their particular interest. For the first time, both elites' fractions agreed on a common issue and from their particular positions tried to gain back the control over the economy and the government. For instance in 1978 a group of prominent members of both fractions and tied to PLN founded a think tank called *Consultores Económicos y Financieros* (CEFSA), where they sought to promote a major economic liberalization (Blanco Lizano, 2010). The agreement among elite fractions came in time where the public arena was open to the ideas of State reduction and articulation of private sector. As I demonstrate in the next section, those ideas helped the cohesion of elites.

### **3.3 Shared Ideology: The Articulation of Private Sector**

The set of crises encountered by Costa Rica at the beginnings of the 1980s built a perfect scenario of agreement and community among elite' fractions (the cafetaleros and industrialist). In the bordering country, Nicaragua, a revolutionary government had been installed, while in Guatemala and El Salvador revolutionary movements were looking to emulate Nicaraguan revolution (Torres-Rivas, 2011). At the domestic level, the oil shocks, skyrocketing international interest rates, international decline of main exports (banana and coffee) and government incapacity to promote solutions produced among elites an increased need to articulate common efforts to retake control over the Costa Rican economy. In the articulation of a sense of community among Costa Rican elites, the United States played a remarkable role providing economic aid, promoting anti-communist policies and political advisory (Clark, 1997; Sojo, 1995; Vega-Martínez, 1984). In doing so, the United States sought to strengthen the private sector in two areas: exports and banking and finance.

The first task to strengthen elites sense of community was to reorient Costa Rican economic model (Clark, 1997; Sojo, 1991a). To do so, international consultants and a group of Costa

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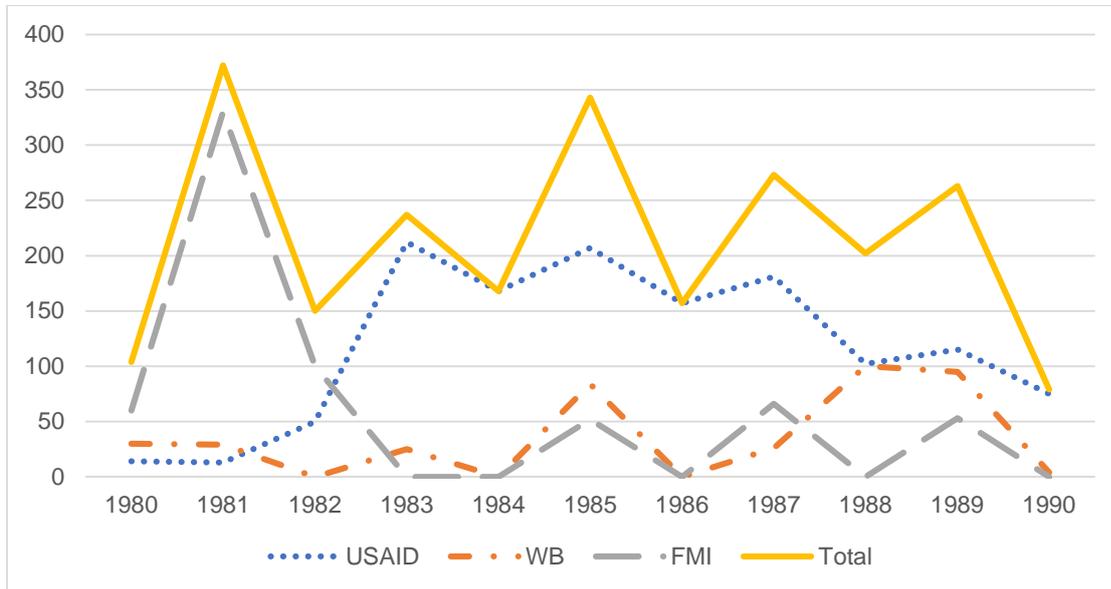
<sup>8</sup> Costa Rican Development Corporation (CODESA) was founded in 1972 with two central public objectives, first, to build public enterprises with the capacity to expand markets and second, to build companies to operate in sectors where private business was not interested (Vega Martínez, 1982). In these regards, CODESA opened business companies in sectors such agro (CATSA and ALCORSA), chemicals (CEMVASA, CEMPASA, ALUNASA), and transport (FECOSA and TRANSMESA).

Rican businesspeople, intellectuals, media owners and a journalist were invited by USAID to discuss the causes of Costa Rican problems (Clark, 1997). Despite its “non-partisan” agenda, the group included mostly businessmen and public figures closely related to PLN, and that shared what they considered anti-communist ideas. Once US officials identified key public figures, that included media editors and politicians, and people in business, USAID endorsed different economic cooperation programs, such as the creation of a set of private and public institutions such as a private business-promotion center (CINDE), an university focused on tropical agricultural training (EARTH) and a new ministry of investments and exports (Clark, 1997). CINDE was the first experiment carried out by the United States in the region to promote the private business sector<sup>9</sup>. CINDE helped to define the new economic model and most importantly to select people in business and political elites to lead it. For the model to succeed, the United States through its agency -AID- allocated more than a billion dollars in loans and grants that were complemented with loans and grants made by financial institutions controlled by the United States such as International Monetary Fund (IMF) and World Bank (see figure 1)(Sojo, 1991a). The work of CINDE focused on three main areas: promotion of nontraditional exports; “denationalization” of the banking system, and privatization of State enterprises.

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<sup>9</sup> CINDE idea as promotion of private business sector then was translated in El Salvador with the creation of FUSADES.

**Figure 1. Foreign Aid received by  
Costa Rica (1980-1990 – millions of dollars)**



Source: Own elaboration based on Sojo (1991)

Regarding the non-traditional export sector, CINDE lobbied during the Administration of Luis Alberto Monge (1982-1986) to open a new ministry dedicated to help and promote exports. The salaries of this ministry were paid during three years with AID funds (Clark, 1997; Sojo, 1991a). The main idea of CINDE officials was to transform the model of *Capitalismo de Estado* into an export-led growth model (Clark, 1997). CINDE promoted the modification of exchange rates with the objective of garnering exporters with economic security. Also, CINDE lobbied IMF, World Bank and Costa Rican Central Bank - whose president was one of CINDE founders- to constraint political interferences. CINDE promoted the approval of Law 6955 in 1983. This law aided exporters with lucrative fiscal incentives known as CATs. The CATs (tax-credit certificates) were worth up to 20% of firms' non-traditional export sales and negotiable on the national stock exchange (Clark, 1997, p. 86). The law improved drawback and export contract regulations (see table 4). Due to these affluent fiscal incentives the model became itself a source of wealth accumulation for a reduced number of non-traditional exporters. For instance, Franco & Sojo (1992) revealed that 50% of the funds provided by CATs were directed to 13% of non-traditional exporters and that the top eight of these non-traditional exporters got 27% of the total funds. Clark (1995), also revealed that in the fiscal

period from 1988-1989, Del Monte's pineapple subsidiary PINDECO received 10% of all CATs.

In terms of the denationalization of National Banking System (NBS) the main goal was to create new financial elites that would grant credits to most dynamic business sectors in the new economic model (Sojo, 1995; Vega-Martínez, 1984; Wilson, 1994). In these regards in 1982 Costa Rica and AID signed an agreement for a US\$ 56 million loan and a grant of US\$8 million, that included, among other things, the reform on the banking sector (Wilson, 1994). Likewise, in the period 1982-1988 AID granted private banks with at least US\$200 million in loans (Flórez-Estrada Pimentel, 2010). Under the rule of AID's director, Daniel Chajj, a small circle of people worked with AID closely to pass the reforms that at the end benefited them too. This group included businessmen such as Samuel Yankelewitz, Ernesto Rohmoser, Mario Rojas, Carlos Araya, Rodolfo Cortés, Guillermo von Breymann and Richard Beck and politicians such as Eduardo Lizano, Carlos Manuel Castillo, Fernando Naranjo, Federico Vargas, Jorge Manuel Dengo and Armando Arauz (Honey, 1994).

It is also important to highlight in here the role played also by media in this juncture. Since the beginning of the 1980s, the media sought to articulate an anti-statist discourse in hand with the ideological framework proposed by AID (Soto Acosta, 1987). For instance, during the debates about the NBS reform, *La Nación* played a crucial political role providing major access to the sectors in favor of the reform and producing and distributing news stories and editorials against NBS (Wilson, 1994). During the reform's debate, *La Nación* publicly identified and attacked deputies who opposed it, and also accused the government of being leftist (Wilson, 1994). *La Nación* also published an ultimatum of Chambers of Commerce signed by a thousand of businesspeople, in which those elites threatened to cease to support the PLN (Wilson, 1994, p. 163). The support from *La Nación* came not just because of its ideological closeness<sup>10</sup> with the reforms but because of personal interest of its owners. One of the families benefited from denationalization of NBS was the Jiménez family, that together with other industrialists and cafetaleros own the largest private bank: Banex.

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<sup>10</sup> Former editor in chief of *La Nación*, Guido Fernández, was one of the founding members of CINDE.

**Table 4: Costa Rican Non-Traditional Export Regimes, 1986**

<b>Incentive</b>	<b>Free-Trade Zones</b>	<b>Drawback</b>	<b>Export Contract</b>
Tax exemptions in machinery and inputs	100%	100%	100%
Tax exemptions profits	100% (8 years) 50% (4 years)	100%	100%
Tax rebates	None	None	Up to 20% of FOB value
Customs benefits	One-site inspections	None	None
Local market sales	Up to 40%, subject to approval	None allowed	No restrictions
National value added and local requirements	None	None	35% minimum value added

Source. Clark; 1997, p. 87

I have argued that since 1948, the Figueristas forces and PLN promoted and allied with a fraction of industrialist elites, and that this alliance provoked a deep division with the cafetaleros. However, the cafetaleros did not lose their economic capital. On the contrary, since mid-seventies different political reforms allowed them to use their money to operate financial institutions (*financieras*). In these regards, NBS reforms were crucial for these two elites' fractions because it allowed them to put aside their political differences to invest together in private banks (see table 5). In doing so, elites from both fractions started private banks until reaching six big banks in 1980 (BCT, Interfin, Banex, Cooperativo de San José, Comercio, Fomento Agrícola) to 16 in 1986, and 24 in 1995. As described by Sojo, the social composition of the boards of banks (industrialist, *cafetaleros*, traders, farmers) denoted that the origins of private banks was oriented to produce wealth quickly (Sojo, 1991a). The average life period of these banks was of about ten years (Robles Rivera, 2014). The diverse composition of private banks also permitted elites to form business groups with a diverse sectorial interest. Banco Banex, one of the largest banks was formed by elites with different origins (cafetaleros and industrialist) and different sectorial investments (alcoholic beverages and media -Jiménez Borbón; chemicals products for construction -Beck; plastic industry -Yankelewitz).

In sum, the 1980s were a critical decade in the consolidation of a cohesive contemporary Costa Rican elites. With the support of United States and media, the elites found in the new economic model a common ground of economic prosperity for both fractions. For the first time, the two fractions formed a community of elites that agreed in the new economic model. The model opened opportunities for former cafetaleros to move to non-traditional agricultural exports motivated by fiscal incentives. Also, a small group of bankers, which included members of the cafetaleros and industrialist fractions accessed funds provided by AID to start their banks. The above enlarged economic diversification of Costa Rican elites thanks to their easy access to financial capital and new business opportunities to invested in sectors opened by the model such as tourism (Robinson, 2003). The changes and the economic incentives helped to define a narrow range of social and economic policies elites supported. As I will show in the next section, the community of elites created during these years will increase their active role in politics to defend and spread the scope of those policies.

**Table 5: Private Banks and Family Owners**

<b>Bank</b>	<b>Family owners</b>
B. San José	Pellas (Nic.), Gurdían, Alonso, Crespo, Durman, Sancho, Aspinall, Kader.
B. Interfin	Liberman, Luckowiecky, Reifer.
B. Banex	Beck, Jiménez Borbón, Rodríguez Echeverría, Yankelewitz, Montealegre, Sánchez Méndez, Rojas, González González, Kissling.
B. Continental	Cañeros y bananeros
B. Comercio	Quirós, Uribe Montealegre, González Fonseca, Tanzi, Corvetti.
BFA	Rohrmoser, Peters, Pacheco, Orlich, Uribe Sáenz, Montealegre.
B. Mercantil	Aizenmann.
B. Federado	Cooperatives.
B. Lyon	Vallarino.
BCT	Baruch.
B. Metropolitano	Weisleder, Meltzer, fomal, Mainemer, Blau, Lang.
B. Fincomer	Sanyo Oil (Japan).
B. CONFISA	Zurcher, Urbina, Jiménez Echeverría.
B. FINADESA	Grupo Pujol.
B. Cooperativo	Cooperatives.
Citibank	USA
B. Solidarista	Asociaciones Solidaristas.
B. Exterior	Tennenbaum, Daremblum.
Bancrecen	Mexico

Source: adapted from Sojo (1995)

### **3.4 Homogeneity of Interest: Active Political Participation to Promote a Business Friendly-Agenda**

While during the 1980s elites' fractions settled down disputes and formed a community, during the following decades wealth concentration and diversification of elites increased, but especially their cohesion. The cohesion was shaped by a favorable political context and an active political participation of elites that helped them to coordinate and spread political influence taking advantage of their access, mainly, of PLN (Ancochea, 2005; Sojo, 1995). Also, with the emergence of a reduced number of diversified business groups with similar

interest, elites' incentives to act together to defend their benefits increased. As well as they gathered together to defend their positions in favor of CAFTA, they also acted in 2014 to fight the leftist candidate.

Regarding the political context, during the 1990s a two-party system led by PLN and PUSC found its consolidation characterized by electoral victories that granted these two political parties possibilities to lead executive and legislative branches (Alfaro-Redondo, 2002). In a period of circa twenty years, the political dominance of these two parties reduced to a minimum the political participation of other parties. Table 6 shows that at least during four electoral processes, *Partido Liberación Nacional* (PLN) and *Partido Unidad Social Cristiana* (PUSC) exchanged political dominance. This “*bipartidista*” political structure eased partisan consensus and agreements with elites. For instance, in 1995 a pact known as “pacto Figueres-Calderón” and signed by former president Calderón Fournier (PUSC-1990-1994) and president Figueres Olsen (PLN-1994-1998) sought to legitimize the reforms proposed and supported since the 1980s by Costa Rican elites. In this pact, elites, PLN and PUSC agreed on a national agenda to augment economic liberalization (Sojo, 1995). In doing so, two of three structural adjustment programs with International Monetary Fund and World Bank, as well as laws that granted fiscal incentives to local, regional and transnational elites were approved (Law of Free Trade Zones) and a complete liberalization of NBS (Vega, 1996).

The stability of the political system was also protected by the media. On the one hand, most important media companies were controlled by conservative families closely related to elites (Rockwell & Janus, 2003). These political similarities favored that during electoral campaigns PLN and PUSC received significant donations in kind from these media outlets (Casas-Zamora, 2005). On the other hand, media market was defined by a high concentration. The Picado Cozza family (Teletica) that controlled 18% of the country's advertising; Ángel González (Repretel) controlled about 30% and Jiménez family (La Nación) with 34% of the market (Rockwell & Janus, 2003, p. 121). These two characteristics combined with an international context full of neoliberal and conservative ideas turned Costa Rican media in recalcitrant supporters of elites' projects.

**Table 6: Party Vote Share in Elections for Presidency  
and Legislative, 1986-1998 (percent)**

<b>Electoral year</b>	<b>1986</b>	<b>1990</b>	<b>1994</b>	<b>1998</b>
PLN-Presidency	52.3	47.2	49.6	44.6
PLN-Legislative	47.8	41.9	44.6	34.8
PUSC-Presidency	42.7	51.5	47.6	47
PUSC-Legislative	41.5	46.2	40.4	41.2
Others-Presidency	2	1.3	2.7	8.4
Others-Legislative	10.7	11.9	15	24

Source: own elaboration based on Alfaro-Redondo (2002)

The two-party system structures also gave elites a more dynamic role setting public agenda. Revolving doors and electoral campaign finance allowed elites to intervene directly in the policy making process. Regarding revolving doors, governments of PUSC and PLN incorporated into its cabinets an important number of *empresarios politicos* and technocrats that had pushed since the 1980s for an increased economic liberalization. *Empresarios-políticos* and technocrats were named mainly in the ministries of finance, trade, economy, agriculture and Central Bank (Blanco Lizano, 2010) (see table 7). Those public offices are precisely the ones where the rules of the economy and the policies that affect business are outlined (Crabtree & Durand, 2017). Also, the weak control over electoral funding and political party's dependence on private capital facilitated that elites funded indistinctly PUSC and PLN to secure its access to governmental institutions (Casas-Zamora, 2005).

With the collapse of two-party system at the beginning of 2000s<sup>11</sup>, PLN took the lead of the business-friendly agenda. During two consecutive governments (2006-2010 and 2010-2014), PLN incorporated into its cabinet an important number of well-known people in business and technocrats who battled, among other things, to achieve the approval of free trade agreements with United States, European Union, and China. For instance, the incorporation of these elites into cabinet turned public policy in favor of the approval of CAFTA. The approval of CAFTA

<sup>11</sup> At the beginning of the 2000s, a series of corruption scandals hit Costa Rican political arena. A group of public officials was accused of corruption and scam (Alfaro Redondo, 2006). Among the officials prosecuted three were former presidents, two governed under PUSC and one under PLN. One of the consequences of these scandals was the collapse of the two-party system (*bipartidismo*) in presidential elections 2006.

constituted a cornerstone of the neoliberal reforms implemented in Costa Rica since mid-1980's (Molina-Alfaro, 2017). In these regards, during the negotiations of CAFTA elites were incorporated into the discussion of several chapters. For instance, Marco Vinicio Rúaiz, who was later named by president Arias as minister of Commerce, was the leader of business chambers representatives, *Consejo Empresarial*, who participated in the “next-door rooms” during CAFTA negotiations. This major incorporation of elites during PLN's governments increased elite's political affiliation in PLN. For example, during those years, elites agreed on mostly finance the electoral campaigns of PLN. Data from the Costa Rican electoral court revealed that elites allocated 48% (US\$ 6 million) more money to PLN than to the other four main political parties between 2006 and 2014 (US\$ 3.7 million).

**Table 7: Revolving Doors.  
Elites Appointed under Oscar Arias and Laura Chinchilla Administrations**

	<b>Business interest or technocratic affiliation</b>	<b>Oscar Arias 2006-2010</b>	<b>Laura Chinchilla 2010-2014</b>
Alfredo Volio Esquivel	Agroindustry	Minister of Production	President of National Bank of Costa Rica
Anabelle González	CINDE	-	Minister of Commerce
Francisco de Paula	Different companies' boards	President of Central Bank	President of Central Bank
Jorge Woodbridge González	Industry. Former president of Industrial Chamber	Minister of Competitiveness	
José Francisco Jiménez Reyes	Telecommunications. ITS Company	President of Japdeva	Minister of Public infrastructure
Luis Liberman	Finance		Vice-President
Marco Vinicio Ruíz	Industry. Former president of UCCAEP and Industrial Chamber	Minister of Commerce	Ambassador of Costa Rica in China
Marcos Vargas Diaz	Industry	Minister of Institutional Coordination	Minister Delegate at the Presidency
María de los Ángeles Antillón Guerrero	Industry. Former president of Industrial Chamber	Minister of Communication	Minister of Economy
Rodrigo Arias S.	Agroindustry	Minister Delegate at the Presidency	
Téofilo de Torre	Industry	-	Minister of Energy, environment and telecommunications
Tomás Dueñas	Industry	Ambassador of Costa Rica in United States	Ambassador of Costa Rica in Brussels

Source: author' own elaboration.

In addition to the above political context, elites experienced changes regarding a major concentration of financial assets in foreign banks and the sale of flagship companies traditionally owned by them. Concentration of capital in foreign hands and more capital available fostered the possibilities of a reduced number of elites to coordinate interest and to increase their political influence due to their largest sums of capital. During the first decade of the XXI century, the private banking system reached a process that started in the mid 1990s: larger concentration of private financial assets in a minor number of elites. Following the bankruptcy of multiple banks (Germano, Elca, Solidario, Cooperativo, Weeden) private financial institutions went from 25 banks in 1995 to 12 banks in 2014 (Robles Rivera, 2014). This major concentration of financial assets can be explained by an expansion of regional banks (Banco Cuscatlán, Banitsmo, Aval, Davivienda, General), the arrival and retreat of transnational banks (Citi Bank; HSBC; GE Money, Scotiabank) and the unwillingness of elites to compete with larger financial players (Bull et al., 2014; Kasahara, 2012; Robles Rivera, 2014). As a result, three foreign banks BAC/AVAL(Colombia); Scotiabank (Canada) and Davivienda (Colombia) own 64.34% of private financial assets (Robles Rivera, 2014). It is argued that the survival of the two private Costa Rican banks is characterized by their political ties with PUSC and PLN (Robles Rivera, 2014). In terms of wealth concentration, the sale of banks garnered a reduced number of elites an important amount of capital. For example, Scotiabank paid circa US\$300 million for Banco Interfin in 2006, whose main two stakeholders were former vice president Luis Liberman (2010-2014) and Luis Lukowiecki (Robles-Rivera, 2014).

At the same time of these private bank changes, an important number of flagships companies traditionally owned by elites were sold to regional or transnational companies. For instance, 14 out of 25 largest Costa Rican companies enlisted by Sojo in 1995 were sold to regional and transnational companies by 2010. These sales gave rise to a reduced number of portfolio business groups. These business groups have learned to diversify as a strategy to reinvest in sectors where they can use political, friendship and familial nexus to make profits in the short term (Bull, 2014; Bull et al., 2014). Also, elites have started different types of alliances with regional and transnational capital (joint-ventures; franchises; strategic alliances) to increase its capital, acquired technology; be tradable internationally or to consolidate its market position (Bull et al., 2014). These sales and alliances have increased the wealth of fewer elites (Robles-Rivera, 2016). For instance, according to Forbes the wealthiest Costa Ricans are Francis

Durman Esquivel and Ramón Mendiola<sup>12</sup> (FORBES, 2017). Francis Durman managed the sale of his family company Durman Esquivel to a Belgium Company Aliaxis. With the new economic resources, Francis and his brother George began a portfolio business group, Grupo Montecristo, with investments in real estate, tourism, agro-export, pharmacies, and entertainment. Ramón Mendiola is the CEO of Florida Ice and Farm company (FIFCO). FIFCO sold 25% of its shares to Heineken in 2002 and since then has expanded its investments to the United States, tourism, real estate, agro, energy, and retail.

The transformation of elites in the last two decades to diversified business groups facilitated them significant economic and political autonomy concerning traditional business associations. For instance, despite the lack of public participation of Durman Esquivel brothers in business associations, they have been particularly relevant donors of PLN and active members of business initiatives such as Alianza por el Sí and Alianza Costa Rica. Besides, a new business model orientation augmented elites' need to control governments because the sectors where they had invested (energy, real estate, commerce, and public infrastructure) depended on strict State regulations.

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<sup>12</sup> In Central America, Mendiola occupy the third and Durman the twelfth positions among wealthiest Central Americans (FORBES, 2017).

### 3.5 Conclusions

When Costa Rican elites gathered together in December 2014 to contest the popularity of the Left-wing candidate, as I show in chapter five, they took advantage of their capacity to act as a cohesive group. They share origins, interests and ideology. This chapter shows that Costa Rican elites have depended on their control and access to government as a mechanism of rent-seeking and social status. Also, in the last two decades, they have relied on PLN to deliver their friendly-business agenda. Under this context, the possible election of a Left-wing party in 2014 posed a double threat to elites. First, the loss of access to the government and second, the displacement of PLN politicians out of the regulatory institutions. That was their major threat in the last 30 years.

Since the 1980s and with the support of the United States and media, elites reduced internal conflicts and promoted neoliberal reforms successfully. Despite the sectorial differences, elites have agreed in a broader agenda. Since the majority of elites have evolved together thanks to the reforms implemented and company's modernization, it has been easy for them to organize and sustain groups to engage in political actions when their interests have been threatened, the CAFTA referendum or 2014 presidential election are two examples of it.

Different from the case of El Salvador (Chapter 4), Costa Rican elites have not been challenged by ethnic differences. The circulation of elites among a reduced number of families has resulted in the constraint of inter-elites' conflicts. Since mid 1980s elites have not faced competition, they have coordinated with political parties to deliver a business-friendly political and economic agenda. During these years Costa Rican elites have played a double role, first as campaign donors of traditional political parties and second, as leading political figures of those parties too. This direct political participation in the last thirty years increased among them enough trust to put money in different political campaigns and actions, such as, the operation of Alianza Costa Rica.

Finally, the closeness among business groups have provided elites with easy access to lobby political leaders and also media owners. The above proves the thesis of Mills (2000) that concentration of property and capital in big business groups led to a larger cohesion of elites.

For example, two prominent owners of largest business groups and members of Alianza Costa Rica were also former directors of the media holding, Grupo Nación. Those who lobby to capture the media in favor of elites are friends, family or business partners. In the light of all of this, cohesion has secured elites' capacity to engage in political actions in a coordinated way, which at the end has increased their influence over society.



# 4 Divided Elites: Traditional and Counter Salvadorian Elites

## 4.1 Introduction

“FMLN spent the double we spent during elections” recalled a top ARENA politician when I asked about how much money they paid during presidential elections 2014 (Politician six, 2017). That means the FMLN spent an estimate of between 68 million dollars<sup>13</sup>, although it is very difficult to know categorically how much money FMLN disbursed during the 2014 electoral campaign. However, the ARENA’s top politician comments shed light on a particular change among Salvadorian elites: the capacity of other actors to engage in political actions and mobilize large amounts of money to pay political campaigns.

Historically Salvadorian elites have been able to maintain an undisputed hegemony on almost every aspect of the economy, politics and the media (Baloyra, 1984; Higley & Gunther, 1992; Rockwell & Janus, 2003; Wolf, 2009). This hegemony has been particularly relevant since the 1980s, when a modernized fraction of elites took control of Salvadorian government, think tanks, business associations, and later on, banks (Segovia, 2002). However, traditional elites’ influence started to fall apart in 2009, the year in which a center-left coalition, led by Mauricio Funes, won the presidential elections. The coalition included the winner party, FMLN, and a selected group of businesspeople, academicians and former public employees (Secretaría Técnica de la Presidencia, 2013). This was ARENA’s first presidential defeat in twenty years and provoked a rupture inside the party and among elites. Outgoing president Elías Antonio Saca, a populist president of Palestinian descent that focused more on national industries and taxed elites, was expelled from ARENA. Saca founded a new political party, GANA, a center-right party, that became a strategic political and a reliable partner of FMLN governments.

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<sup>13</sup> This top politician told me that ARENA spent around 34 to 38 million dollars in this campaign.

The above-mentioned context shows a fragmentation among what has been considered a monolithically elite (Koivumaeki, 2010; A. Schneider, 2012). The context also suggests the emergence of new organized actors capable enough to dispute traditional elites' influence over politics and society in general.

In this chapter, I study and discuss the fragmentation among Salvadorian elites. The fragmentation of elites caused that the elites' engagement in political actions, such as media capture, turned into an arena of dispute. In doing so, I address the issues of common background, shared ideology and homogeneity of interest of two different fractions of elites in El Salvador. With this as the focus, I study a group of what I have called traditional elites. These elites have prevailed since XIX century thanks to their control of main economic sectors, social closure, anticommunist ideology and neoliberal policies. Also, I study a group of counter-elites that gather together politicians and businesspeople that share ethnic origins, a common reject to traditional elites and the will of promoting new political and economic actors. Once counter-elites won elections in 2009, they were able to form a common front and increase their political and economic influence based on privileged access to public funds and funding from Venezuela through ALBA Petr6leos. It is argued that the fragmentation of elites since 2009 augmented the competition among traditional and counter-elites to capture the media. Since then both fractions, as I show in chapter six, need to spend more time and resources, which at the end reduces the chances of elites to influence on society.

## **4.2 Traditional Elites in El Salvador**

Historically Salvadorian elites have been extensively studied due to their impressive control over economic resources, land, army, media and people (Colindres, 1977; Dada-Hirezi, 1983; Johnson, 1993). This powerful control over different resources was a product of an extremely cohesive elite. In this section I explain how the cohesion of these elites has been defined based on the economic and ethnic origins of these families, the implications of war in defining a common threat to traditional elites and the successful policies they followed until 2009 to defend their interest.

#### 4.2.1 Common Background: Coffee and Family Lineage

Literature has highlighted the role of coffee as a root source of elites' power in El Salvador (Paige, 1998). Coffee allowed elites to articulate state institutions (government, banks, army), control over land and labor, accumulate and invest capital and weaved a closed network of family relations (Brignoli, 1983; Brokett, 1988; Casaús-Arzú, 1992; Colindres, 1977; Dunkerley, 1988; Higley & Gunther, 1992; Paige, 1998; Torres-Rivas, 2011). The country's small size, the relative ease of access to ports, elites' vertical control over all phases of coffee production (coffee planting; coffee harvest, distribution) and abundant low-cost labor garnered to a small group of Salvadorian families greater income profits since Liberal Reforms of 1879 (Johnson, 1993; Paige, 1993). The coffee sector founded in El Salvador the "truest oligarchy" in Latin America based on their firm grip over production, processing, and export of coffee (Johnson, 1993).

The expansion of coffee enriched a small group of these families that accounted for a group of hundred, rather than mythical "fourteen families" (Bulmer-Thomas, 1987). This small group shared a particular characteristic: their European origins (Casaús-Arzú, 1992). Some of them came from colonial times, and others migrated from Spain (Belismelis, Sagrera, Llach, Daglio); Germany (Bukard, Freund, Mathies, Schwartz) and Italy (Cristiani, Daglio) between the end of nineteenth century and the beginning of XX century (Colindres, 1977). These common ethnic origins have shaped their politics, economic development, and social prestige from then on. They intermarried to bond their economic business, to reduce mixing with other social groups (indigenous, farmers, *Palestinians descents* – the pejoratively "turcos") and to build power structures to maintain the status quo (Casaús-Arzú, 1992). Also, these traditional elites assumed control over the State based on their privileged background. Between 1898 to 1931 they took direct control over government to protect their rule over land and labor (Beard, 2001; Paige, 1998). Elites also took advantage of their strong relations and influence over the army to overcome the crisis of 1930's (Casaús-Arzú, 1992). Contrary to expectations based on Salvadorian dependency of the United States and European markets, the great economic depression of 1929 solidified elites' power and control over the state, land, and people. Salvadorian elites were keen to transfer the economic consequences to the peasants and used

the army and favored dictatorial regimes whenever it was necessary to repress upheavals<sup>14</sup> (Casaús-Arzú, 1992, p. 91).

Regarding economic development, this small number of families were all connected through family ties and ethnic origins, concentrating ownership over land and coffee production in very few families as it is shown in Table 8. According to Johnson (1993), in 1950 thirteen families concentrated about 58% of all coffee exported. Similarly, by 1963, 4% of the countries agricultural producers owned 37.7% of all cultivated land (p.50-52). The concentration over coffee production was also parallel with wealth concentration among these reduced number of families (Colindres, 1977; Paige, 1993). Regarding the reproduction of capital, there was limited access to a core group of families, who by that time were also the owners of banks in El Salvador. Banks were privately owned by ten families: Guirola (Banco Salvadoreño); Dueñas, Regalado, Álvarez (Banco de Comercio), Escalante and Sol (Banco Agrícola Comercial); Borja, Álvarez and Alfaro (Banco Capitalizador), Hill and Aviles (Banco Capitalizador) (Colindres, 1977).

The surplus originated in the success of their coffee exports and the direct access to foreign trade provided these elites with sufficient capital to invest in advanced technology, chemicals, fertilizers and extra capital to diversified their agro-investments (Colindres, 1977; Johnson, 1993; Mahoney, 2001). Cotton fiber and textiles were two of these new investments in times of a growing demand in world markets after Second World War (Colindres, 1977; Johnson, 1993). Nevertheless, the same concentration problem seen in the coffee sector was evident in cotton production: fifteen families represented 33% of all cotton exports in 1972 (Johnson, 1993, p. 57). The sugar sector and cattle production followed the same logic, with the same core families concentrating land, production, investments, and exports (see table 8) (Colindres, 1977; Dada-Hirezi, 1983; Johnson, 1993).

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<sup>14</sup> In 1932 an indigenous and campesino rebellion was suppressed by bloody army repression led by General Hernández Martínez. Hernández Martínez governed for 13 years (1931 to 1944) favoring coffee elites. The alliance among Hernández Martínez and coffee elites end when the General raised import tax in 1943 (Lauria-Santiago & Gould, 2009).

**Table 8: Elite families and economic investments (1969-1977)**

	Coffee cultivation	Coffee processing	Coffee export	Dairy	Cattle	Sugar industry	Banking	Insurance	Investment, finance	Real Estate	Utilities	Construction	Dealership	Manufacturing	Retail	Other
Alvarez	X		X				X							X		X
Battle	X													X		
Cristiani-Burkard	X					X								X		
Dueñas	X		X	X	X	X		X								
Escalón	X															
Llach-Schonenberg	X				X	X										
García-Prieto	X				X											
Homberger	X				X											
Guirola	X				X	X	X			X						X
Magaña	X				X											
Mathies	X												X			
Meza Ayau	X		X											X		
Quiñonez	X					X							X	X		
Salaverria	X				X											
Regalado	X	X			X	X	X		X		X		X			
Deiningger	X	X		X	X	X										
De Sola		X	X		X	X		X		X		X		X		
Hill		X	X		X	X	x							X		
Wright	X		X					x						X		
Batarser													X	X	X	
Berheim																X
Borgonovo	X	X	X											X		
Freund							X			X			X	X	X	
Frenkel													X	X	X	
Gadala María										X			X	X		
Goldtree-Liebes		X	X												X	
Hasbun														X	X	
Nasser													X	X		
Poma													X	X		
Safie								X					X	X		
Schwarz															X	X
Simán															X	X
Sol-Millet								X				X		X	X	
Vairo													X			
Zablah														X	X	

Source: Baloyra, 1984; Colindres, 1977

The investment opportunities opened in the context of Central American Common Market (CACM) and elites' disposal of resources (land, money, technology) at the beginning of 1960's favored also that traditional elites sold many of their *fincas*. Traditional elites invested four times more in the industry than any other group and attracted 80% of capital invested in the country (Booth, 1988). Johnson (1993) sheds light on the issue, stating that the new opportunities of CACM solidified the chances of traditional elites' fractions to continue controlling other economic sectors such as the chemicals, textiles, energy, and transport sectors. Besides the small size of the Salvadorian market, traditional elites' control over banks and a more porous social relation among top businesspeople suggest that most of the industrial investments came from these traditional families. It is also true that fiscal incentives of this period certainly opened up spaces for other families that would be later incorporated with traditional elites. The majority of these new families shared a common European origin, families such as Kriete (transport), Poma (car dealership, hotels), and Sagrera (hardware, construction). But it was also the first time in which the Salvadorian economy was opened to big business of Palestinian descents. For instance: Simán (retail, construction, hotels), Zablah (car dealership and construction), or Hasbún (manufacturing, retail) (Colindres, 1977, p. 67; Johnson, 1993, p. 60).

It was also during this time that elites started to secure the grip over the media. Thanks to president José María Lemus a new law to promote radio and TV was approved in 1958 (Pérez & Carballo, 2013). The law garnered the new media owners with fiscal incentives and easy access to TV and Radio frequencies. One of the beneficiaries was Boris Eserski. Eserski launched the first television network in El Salvador in 1959 (Rockwell & Janus, 2003). Eserski came from a very wealthy and landowning family (Rockwell & Janus, 2003). Since then, Eserski became a media mogul with investments in Radio and advertising companies and due to his loyalties to elites, he was able to kept competitors out of the market at least until the 1990s (Bull & Aguilar-Støen, 2014). Additionally, other families closed related to elites kept control over the press. For instance, Altamirano family an old coffee and cotton producers who owned El Diario de Hoy. The Dutriz family, also an old coffee family who has been a distinguished conservative voice in the country who controls La Prensa Gráfica. And the Borja Nathans family, that owned largest sugar estates and controls El Mundo (Bull & Aguilar-Støen, 2014; Pérez & Carballo, 2013; Rockwell & Janus, 2003).

#### 4.2.2 Share Ideology: Civil War, Right Wing Politics and Anticommunist Ideas

The civil war (1980-1992) solidified the sense of community among elites and the anticommunism ideology that shaped traditional elites from then on. The threat of a leftist guerrilla and the loss of power provoked by the economic reforms (sugar, coffee and banks nationalization) implemented by *La Junta Cívico Militar* in 1979 forced traditional elites to redefine their course of actions with the foundation of a new political platform (ARENA) and a think tank to legitimize their ideas/ideology (FUSADES) (Segovia, 2002).

The political arena that granted traditional elites with benefits for many years was contested at the beginning of the 1980s by two forces: revolutionary force (FMLN) and reformist force in nature (PDC, the United States and parts of the army) (Johnson, 1993). As some of the traditional elites realized, the terrorist strategies they have implemented until then, such as mass killings, only earned them opposition inside El Salvador and internationally, even in the United States (Baloyra, 1984). As a countermeasure, elites sought other channels, such as establishing a political party as a start.

ARENA was founded by extreme-right wing army officers, traditional elites, and professionals who found in the political context of the early 1980s the perfect opportunity to take back control over the state (Zamora, 1998). Among these actors, there was the idea of confronting the reforms due to their “communist spirit” and because they stood to lose the most from the reforms (Johnson, 1993). It was not necessarily a spontaneous political movement, on the contrary, it was the end of a process that primarily started in the seventies after the first reformist attempts started (Koivumaeki, 2010; Russell, 1984). The founders shared a group of core values (individualism, free enterprise, nationalism, and anticommunism) that allowed them to build a strong party identity (Artiga, 2014; Johnson, 1993, p. 175; Koivumaeki, 2010).

ARENA successfully participated in the 1982 elections to form an *Asamblea Constituyente*. For this occasion, Roberto D’Aubuisson<sup>15</sup>, a retired army official and founder of ARENA was chosen as president. Only four months after its foundation and with 29.5% of the votes, ARENA installed itself as the second political force of El Salvador. Despite this electoral

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<sup>15</sup> D’Aubuisson lead paramilitary forces and death squads during the eighties. He was held responsible for the assassination of Archbishop Arnulfo Romero in 1980. See Dada, 2010 and Naciones Unidas, 1993.

success, D'Aubuisson was seen with caution and concern inside El Salvador, but especially in the United States regarding his *pasado escuadronero* (paramilitary past) (Lungo Rodríguez, 2008). This forced ARENA to rethink their political strategy. During presidential elections in 1984, D'Aubuisson decided to step back and let Alfredo Cristiani led COENA, ARENA's central committee. Alfredo Cristiani Burkard came from a traditional elite family that in the seventies occupied the 24<sup>th</sup> place among the 30 largest coffee producers in El Salvador, and the 12<sup>th</sup> position among the largest 30 exporters<sup>16</sup> (ICEFI, 2015). In 1983, Cristiani led the creation of a think tank finance by United States, called FUSADES,<sup>17</sup> to promote a new economic model and build social support (Segovia, 2002, p. 27). ARENA lost the 1984 presidential elections, but with Cristiani's leadership, ARENA started to change its radical anticommunist discourse, not so its politics, to a more moderate one, with a modern business accent. For the 1988 elections, ARENA took control of Parliament with 48.1% of the votes, claiming 31 seats out of 60 and then, with George Bush's support, Cristiani (and not D'Aubuisson) ran as a presidential candidate in 1989. Arena won those elections with 53.82% of the votes (see table 9).

**Table 9: Electoral results of ARENA during the eighties**

<b>Year</b>	<b>Type of election</b>	<b>Votes (percentage)</b>
1982	Asamblea Constituyente	402.304 (29.53%)
1984	Presidential	376.917 (28.76%)
1985	Parliament	286.665 (29,7%)
1988	Parliament	447.696 (48.1%)
1989	Presidential	505.370 (53.82%)

Fuente: (Lungo Rodríguez, 2008, p. 82)

<sup>16</sup> He married Margarita Llach, daughter of a wealthy catalán family which at the time was the one of the largest coffee producer and coffee exporter in El Salvador. (ICEFI, 2015).

<sup>17</sup> From 1984 to 1992 FUSADES received more than US\$100 million from the United States (Baloyra, 1984; Segovia, 2002)

ARENA's victory led by Cristiani marked, as described by Segovia (2002), the recapture of Salvadorian State by traditional elites. Once in power, traditional elites found in FUSADES<sup>18</sup> a strategic partner for developing economic policies to strengthen industrial and commercial sectors, especially those related to non-traditional exports, such as maquila, foods, plants and light industry, fruits, flowers, etc. (Johnson, 1993; Segovia, 2002). During these years, FUSADES increased its institutional and technical capabilities to influence and support elites, particularly those with business in industry and manufacture. FUSADES was also able to reach out members of the elite through different training and support programs for technicians, business people and leaders of business associations such as ANEP or ASI (Johnson, 1993; Koivumaeki, 2010). Also, leaders of these organizations took part of FUSADES executive committees facilitating knowledge, information and technic exchange. Regarding policy-making, FUSADES also provided ARENA with an economic and social program that helped the party to reduce political confrontation, moderate their discourse and increased their political viability (Booth, 1988; Johnson, 1993; Koivumaeki, 2010). In 1985 FUSADES designed a proposal to solve Salvadorian economic crisis in the short and medium term. The document elaborated by the United States contained the major concerns about the need to transition from an agro-export based model to a more diverse economy and the promotion of non-traditional exports. During the 1980s, FUSADES' project made traditional elites see the practical side of policymaking, which helped them to attract votes (Koivumaeki, 2010). Once elected president, Cristiani implemented a set of measures identical to FUSADES' plan promoted years before (Johnson, 1993; Segovia, 2002). It is worth noting that the main difference between ARENA and FUSADES is that ARENA was founded by landowners, coffee producers, and former army officers opposed to any reform, while FUSADES was founded and led primarily by industrialist and manufacturers who considered the reforms as lesser threat than revolution (Johnson, 1993).

In sum, Salvadorian elites found in the creation of a political party and think tanks their sources of community. Through those associations, they started a legitimate and institutionalized mechanism to defend their interest and fight the *guerrilla* movement. Those institutions became a meeting point where the divergent interests were solved. With the support of media,

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<sup>18</sup> Seventeen members of FUSADES were named in Cristiani's government to lead his economic cabinet (ICEFI, 2015).

they were also a vehicle of promotion of elites' policies. This sense of community was crucial, as I show next, for the negotiation of peace and the implementation of the neoliberal agenda.

### **4.2.3 Homogeneity of Interest: Peace and the Neoliberal Victories**

For a young generation of traditional elites leading the government, think tanks and business associations (FUSADES; ANEP; ASI), the civil war was a missed opportunity to implement the reforms they have been working on since approximately 1983 (Rettberg, 2007, p. 470). Within elites' neoliberal and technocratic way of thinking, peace was a prerequisite to transforming El Salvador into a safe place for investments, obtaining the final surrender of FMLN and having a door open to access the global economy (Rettberg, 2007; Segovia, 2002, 2005). In these regards, elites actively participated in the negotiations, design, and subscription of the Peace Accords in order to secure their policy agenda (Rettberg, 2007). Major interests behind the peace agreement, such as the privatization of public banks, brought elites together. For example, traditional elites' political platform (ARENA), think tank (FUSADES), and business association (ANEP) were fundamental actors providing control over the decision-making process, as well as, business, ideological and technical support during the negotiations (Rettberg, 2007; Wade, 2016). While peace accords allowed some political concessions (FMLN political participation; the dismantling of structures of repression in the army and the police and changes in the judiciary system), it also ensured the economic model these elites envisioned: neoliberalism (Rettberg, 2007; Wade, 2016).

During the 1990s elites were able to articulate a state building project suitable to their interest (A. Schneider, 2012). The new economic model emphasized on changing the bases of the economy from land possession to *maquila* industry and control over financial institutions and services (Segovia, 2002). The implementation of the reforms that lead to this new model resulted in major shifts in the country's economic structure. Traditional exports that during the seventies and eighties represented around 60 to 63% of total exports declined to 12% at the end of 1999 (Robinson, 2003). *Maquila* increased its GDP participation from a 1.7% in 1990 to 11.2% in 1999 (Segovia, 2004). Similarly, the economic model emphasized the privatization of public assets related to the old model, such as "sugar institute" -INAZUCAR- and coffee institute -ICAFE- (see table 10). Also, elites demanded privatization of public institutions such as pensions or telecommunications, and once these institutions went to the market to be sold, they were bought by companies associated with these elites. One example: after pensions'

privatizations, 4 out of 5 new companies were bought by these elites (Confía; Previsión, Porvenir, Máxima) (Paniagua-Serrano, 2002).

Also, under the 1991 Law of Banks, Cristiani sold the national banks to closely allied elites (Albiac, 1998). Nine banks included Banco Cuscatlán whose control came under Cristiani himself were privatized between 1991 to 1994. The new law imposed a limit of 5% of ownership per shareholder, which was circumvented by Salvadorian elites through the use of *prestanombres*, false names (Segovia, 2002). This restriction over shareholders caused limited attention among foreign banks to participate in the process, which at the end garnered Salvadorian elites with an incredible financial advantage (Kasahara, 2012). As Alfredo Mena Lagos, a former minister under Calderón Sol, described: it was the creation of private monopolies from state monopolies (quoted in Wade, 2016). The privatization of public banks was a strategic step to strengthen a dominant cohesive fraction of financial elites (A. Schneider, 2012). Privatization allowed these elites to use their assets and resources to multiply their investments in other economic sectors and also to regionalize their investments in Central America (Segovia, 2002).

While historically banks were controlled by coffee elites' families, their privatization during Cristiani's government open the door for other elites. As mentioned before, these elites came from a mixture of agro, industry and services sectors. Among these new bank family owners were Dutriz, Baldochi Dueñas, Cristiani, Poma, Kriete, Belismelis, Sol, Araujo and Palestinian descent families such as Simán, Bahaia, Zablah and Salumé (Paniagua-Serrano, 2002). Bank privatization allowed families of Palestinian descent, for the first time, to control financial assets and to participate in this selected circle of power: the bankers.

Also, during this time elites were able to secure, design and implement a fiscal and monetary structure from which they benefited (ICEFI, 2015; A. Schneider, 2012; Segovia, 2004). Regarding fiscal policy, between 1987 to 2001, 12 fiscal policies were approved that to some extent or another gave elites fiscal benefits (elimination or reduction of income taxes, tariff reduction, elimination of property tax, etc.)(ICEFI, 2015, p. 168). During these years, fiscal policies tended to preserve and increase a regressive tax structure that was strengthened by elite's' capacity to block any attempt to tax their economic activities (A. Schneider, 2012). Also, regarding monetary policies, since Calderón Sol, these elites were able to promote first a convertibility plan that pegged the Salvadorian colón to U.S. dollar at a fixed rate of 8.75 to 1.

Later, in 2001, they passed a Law of Monetary Integration that introduced a *de facto* dollarization in El Salvador (see table 10). These monetary policies were issued to benefit bankers and importers reducing exchange risk and benefiting bankers with loans abroad (Arias-Peñate & Sol-Pérez, s.f.; Segovia, 2002).

Media support of all these policies proposed by elites was crucial to sustain elites' project. As has been discussed in the literature (Becerra et al., 2009; Hughes & Prado, 2011; Rockwell, n.d.; Segovia, 2004; Wolf, 2009; Zamora, 1998), elites controlled the media agenda and public debates without any opposition. The property structure of media, its high concentration, family ties and private publicity created a situation in which media marginalize any dissident voices and alternative ideas about social and economic policies (Wolf, 2009). Media control also allowed traditional elites to build and reproduce a negative frame about the FMLN. In the eyes of the traditional elites, and hence the media, the economic improvements gained in the last decade would be lost in case of an electoral victory on the Left. This threat, as pointed out by Schneider (2002), increased elites' cohesion during these years.

**Table 10: Reforms implemented by ARENA's governments (1989-2009)**

<b>Administration</b>	<b>Trade Policy</b>	<b>Fiscal Policy</b>	<b>Monetary Policy</b>	<b>Financial sector</b>	<b>Privatization</b>	<b>State reforms</b>
Alfredo Cristiani (1989-1994)	Reduction of tariff range from 290-0 to 20-5%; elimination of export duties	Creation of IVA of 10%	Liberalization of interest rates. Creation of Banco Multisectorial de Inversiones to promote private sector investments	Bank privatization	Instituto Nacional del Café; Instituto Nacional del Azúcar; Banco Nacional de Fomento Industrial (BANAFI); Corporación Salvadoreña de Inversiones (CORSAIN)	
Armando Calderón Sol (1994-1999)	Reduction of the tariff floor to 0% for capital goods	Increase IVA from 10% to 13%	Convertibility plan pegging colón to U.S. dollar at 8.71 to 1		Administración Nacional de Telecomunicaciones (ANTEL); Superintendencia General de Electricidad y Telecomunicaciones (SIGET), pensions.	Elimination of 11,500 public sector Jobs by 1997
Francisco Flores (1999-2004)	Free trade agreements (México, Central America, United States)	Elimination of tax exemptions to basic grains, vegetables, fruits, milk and medicines; new tax code; Fondo de Conservación Vial	Dollarization		LaGeo; privatization of public health services and services on ports and international airport.	Elimination of 18,804 public sector jobs between 2001-2002
Antonio Saca (2004-2009)	CAFTA support	Fiscal reform. Elimination of exemptions and loopholes and improved income tax. Selective taxes to finance social programs. administration though changes to income tax, tax on property and services, the Tax Code, customs, bank secrecy, punishment for customs violations, and reforms		Transnationalization of Private Banks		

Source: Adapted from Wade (2016) and Schneider (2012)

### 4.3 Counter-elites: Disputing Elites' Rule

A particular characteristic of counter-elites is that they share ethnic origins and social class backgrounds. They also share a common rejection towards traditional elites' politics and power. Historically, as I showed above the control over economy and government was in the hands of traditional elites. While other groups were socially, and politically excluded due to their ethnic origins or class. Both of these aspects, traditional elite's rejection and exclusion shaped a fragile but reliable alliance of actors with different interest and political perspectives, named in here as counter-elites, in order to electorally defeat traditional elites. Once this group defeated electorally traditional elites in 2009, they were able to control regulatory institutions, mobilize money, and jointly organize different political actions. Thanks to the emergence of these counter-elites, media capture started to be a disputed political action in which counter-elites bought, censored and legibly influenced media content on their favor.

#### 4.3.1 Common Background: Ethnic Origins

Among counter-elites, there is an important group of migrant descents, mainly of Palestinians and Syrians origins<sup>19</sup>. They formed in El Salvador a community dedicated to commerce and small businesses. These economic activities were seen with disdain by traditional elites. For traditional elites, these activities were considered socially degrading and dishonorable that, at the end, opened up a gap in the market which these newcomers could take advantage of. Also, traditional elites' control over banking system blocked them the entrance to other sectors and swayed them to work in economic activities that did not require social ties with traditional elites, such as commerce (Bukele Kattan, 2012). For instance, according to Bukele Kattan (2012), in 1944 the majority of these families were dedicated to commercial activities (30%), *tiendas* –stores-(38%), industry (19%), professional activities (6%), other activities (4%) and itinerant sales –vendedor viajero (3%). As their “*tiendas*” grew from small to medium stores and distribution companies, these families were able to expand their business by selling their products in other parts of the country and running trading companies and small factories. A

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<sup>19</sup> The first Palestinians in El Salvador arrived in the port of Cutuco<sup>19</sup> in 1890's (Foroohar, 2011; Marín Guzman, 1997)

small fraction of these families also invested successfully in textile, clothing and the pharmaceutical industry.

Due to traditional elites' scorn and stereotypes about these families -pejoratively called "turcos"-, they were excluded from traditional elites' circles: social clubs, politics, which at the end increased their social closure too. This led Palestians to inter-marry with other Palestinian families (Paniagua-Serrano, 2002, p. 677). For them, family ties played a crucial role in their social and economic development. For example, the "tiendas model" was started by the patriarch, and then passed down onto their male children, who thus played a crucial role in business strategies. The Simán Family is a case in point. J.J. Simán opened his first store in 1921, until it became the biggest department store in Central America, Almacenes Simán, in the seventies. The Palestinian parents sought to provide sons with greater opportunities to study in El Salvador, in Israel but especially in the United States. It seems that, at that time, the parents' education development was not priority, but that of the sons and grandsons was considered crucial: they must have a university degree (Bukele Kattan, 2012).

The economic growth of these families in a context of incipient industrialization since the 1940's gave them social prestige and important economic returns. Four of these successful families were Simán (dry goods store and construction); Safie (textile factory); Hasbún (retail) and Zablah (retail) (see table 11). Since the 1970s, they established more and more business relations with traditional elites. As an example, in this period *Molinos de El Salvador* (MOLSA) was established. Adolfo Salumé and Salvador J. Simán shared the board of directors with Enrique García Prieto, Roberto Llach Hill, and Miguel Dueñas Herrera, prominent members of traditional elites (Paniagua-Serrano, 2002). Later, some representatives of these families became dominant actors within food industry, wholesale, media and pharmaceutical sector (see table 11).

The war represented a critical juncture in their lives. While the reforms implemented by the Military Junta at the beginning of the 1980s were designed to cut key sources of traditional elites' wealth accumulation, the Junta also approved tax and fiscal incentives to the *maquila* industry where most of these families had investments (ICEFI, 2015; Segovia, 2002). This juncture, not unlike what happened in the 1920s and 30s, opened a market gap for the Arabs. Nicolás Salumé Barake, one of the most prominent members of these families, put it this way:

Nosotros crecimos durante la guerra. Lo que hicimos fue comprar propiedades y construir varios restaurantes tanto Biggest, Mister Donut y Nash... Durante la guerra no nos fuimos, ni sacamos el dinero del país, la invertimos aquí y ahí están los resultados. Muchas personas me criticaban por arriesgar tanto (Hernández, 2009).

The remittances also played a crucial role in the consolidation of these families. As a consequence of the war, thousands of Salvadorians were expelled from the country, including most of the elites' families. These massive migrations flows shaped the Salvadorian economy and constituted a new source of wealth accumulation in the country (Rocha, 2013). While the annual value of remittances in 1980 was about US\$20.8 million, in 1999 it was a staggering US\$ 1.373.8, and US\$4.576 in 2016, circa 20% of PIB (Banco Central de Reserva, 2017; Segovia, 2002). For the Salvadorian Palestinian families, the remittances have stimulated their economy in two ways. First, it garnered private banks, some of which were under their ownership, autonomy regarding agro-exports, especially since the 1990s, when most of these money flows were channeled through the banking system (Segovia, 2002, p. 69). Second, those resources allowed an internal market and consumption expansion in El Salvador in sectors such as retail, restaurants, department stores where these families were main investors (Segovia, 2002).

Also, families' common origin was crucial for the guerrilla forces and for some of these wealthiest families during the civil war. Family ties and common background garnered FMLN with money and security houses thanks to the Palestinian origins of FMLN leaders such as Shafik Handal and Francís Hato Hasbú. As a reward to the wealthiest Palestinian families, the FMLN's reduced its economic sabotage on their businesses and companies. The family ties among FMLN militants and Palestinians descents also secured, since, the times of war an important space in media for the voices and ideas of FMLN. To illustrate that, in 1984 Jorge Zedán, another Palestinians descent, founded *Canal 12*. This channel during the civil war took a different political stance from the one's elites had. During many years, Mauricio Funes had in *Canal 12* the most popular morning interview program. Due to Zedán political views, *Chanel 12*<sup>20</sup> suffered multiple economic boycotts from elites and government, and it was also accused of favoring communist ideas. He survived as pointed out by Rockwell & Janus (2003) for thirteen years until Eserski wore him down. Also, in 1998 two members of these families

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<sup>20</sup> Mauricio Funes started his successful career as journalist in Canal 12. Zedán is considered a tutor of former president Funes. During 1990s, Canal 12 disputed TCS ratings until it was sold to TV Azteca in 2001 for US\$7.9 million (Dada et al., 2012; Pérez & Carballo, 2013).

founded the first online media in Latin America: El Faro. Carlos Dada and Jorge Simán had the idea that post-peace accords there was necessary to have different types of the media in El Salvador. Since then, El Faro became the most critical voice against traditional elites. El Faro investigations revealed several cases of corruption during ARENA governments and also multiple investigations about the role of elites in Salvadorian human rights violations and violence.

#### **4.3.2 Share Ideology: Modifying the Structures of Power**

The glue that knotted together counter-elites was their desire to dethrone traditional elites. Despite the political differences on the most leftist views of FMLN, the center right ones of former president Saca and the others Salvadorian Palestinian descents, those actors agreed on the need to form an alliance to modify the structures of power that historically had benefited traditional elites. A key moment that would define counter-elites' sense of community against traditional elites was the elections of 2009, when traditional elites lost for the first time in twenty years their control over the government. It was also the first time that actors who opposed to traditional elites during war and during democracy have real chances to boost the changes of a major distribution of wealth and power, as they promised.

For 2009 elections and against elites will, outgoing president Antonio Saca appointed ARENA's president and vice-president candidates: Rodrigo Ávila as presidential candidate, his chief of national police and Arturo Zablah<sup>21</sup>, as vice-president candidate, a Palestinian descendent businessman. In the other front, FMLN designated an outsider to run the presidency, a popular journalist in El Salvador, Mauricio Funes. Funes won elections with 51% of the votes and Antonio Saca was expelled and blamed of the electoral defeat of ARENA. ARENA's electoral defeat outlined the beginning of a new era after twenty years of traditional elites' undisputed hegemony. While remaining dominant, elites suffered a division among fractions: a fraction of elites -G20- with a more transnationalized business interest lead by Ricardo Poma and Alfredo Cristiani and other fractions led by Palestinians, such as Salumé, or Saca with a more national business interest (Bull, 2013; A. Schneider, 2012). This fraction shared with the new government of Mauricio Funes the idea that those at the top of the

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<sup>21</sup> Zablah was an outsider leading a political movement "Alianza por el Cambio" to oppose ARENA, while advocating for ending dollarization, and an increase on pensions and minimum salary (Sanz, 2011).

Salvadorian economic structure had been benefiting disproportionately from Salvador's economy without sharing any of the benefits. As pointed out by one of Saca's close adviser, the main problem was that these elites were used to manage El Salvador like their *su propia finca* (Businessperson one, 2015). In fact, the administration of Antonio Saca started a new model, that Saca used to call "market social economy" (Wade, 2016, p. 135). As it can be seen in table 10, Saca did not continue with privatizations or with massive dismissals of public workers from previous administrations. While he supported CAFTA and tried to keep the best relations with the United States<sup>22</sup>, he also embraced antipoverty programs (FOSALUD, Red Solidaria, Jóvenes, Microcrédito) and reforms that taxed traditional elites directly.

Saca, 12 deputies and dozens of leaders left ARENA to start another political party: GANA. Despite being launched as a political platform for the center-right political spectrum in El Salvador, GANA became a strategic and reliable ally for leftist FMLN government and an opposing force of ARENA. Funes, as commented above, was joined by a closed group of businesspeople, academicians, former public officials and FMLN militants. This group of people have shared an historically opposition to traditional elites' politics. Some fought traditional elites' politics during the war in the guerrilla, other like Funes, fought elites in public arena.

Counter-elites, as I show in chapter six, also share the idea that to change the structures of power in El Salvador, they must control media. The case of Antonio Saca is exemplary. Saca became a Radio mogul since the beginning of the 1990s. This media control allowed him to first lead the most important association of media companies (ASDER), then ANEP, ARENA and the government of El Salvador. Following Saca's success counter-elites started to buy or fund new media companies such as Salume Family with the online media [diario1.com](http://diario1.com)

In these alliances, the counter-elites formed a community with access to government, economic resources and contacts with other elites. The diversity of actors from the left and the right, and from social movements to businesspeople garnered counter-elites with spokespeople (*interlocutores*) that moderate their political project national and internationally.

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<sup>22</sup> Saca sent troops to Iraq war in 2004 as way to ingratiate with US government.

**Table 11: Prominent Palestinian descent families in El Salvador**

Family	Main Company	Main sector of national and regional operations	Key Changes (2000-2017)	Main Strategies	Political influence/Media
Simán Family	ALSIKORP Almacenes Simán Unicomer Intradeco (Hilcasa, Intradext) Industrias St Jacks Grupo Frate	Regional: retail, textiles National: construction	Sale of Banco Salvadoreño; partnership with El Puerto de Liverpool and purchase of Unicomer from CETECO. In 2017, Javier Simán started his political campaign for presidential elections 2019.	Focused regional expansion; expansion into the United States and Caribbean; alliances with MNC.	ASI, FUSADES, ARENA
Salumé Family	Almacenadora Salume Clean Technology Solutions LLC Comercial Salume La Joya MOLSA Biggest Nash Grupo Prologix	Regional: flour and biscuit production (MOLSA). National: restaurant chains, commerce	Regional expansion of industry; strong national expansion in restaurants, franchise, retail and wholesale	Efficiency-seeking regionalization combined with alliances with MNCs at national level	Partido Democracia Salvadoreña/ Diario l.com
Zablah Family	DISAZA UDISA	DISNA National: wholesale, distribution	Sales of shares in MNC operations in El Salvador: Tabalacalera sold to Phillip Morris; Mariposa El Salvador (Pepsi) and Bon Appetit sold to CabCorp	Domestic focus; alliances with TNCs	ARENA, Alianza por el Cambio
Saca Family*	Grupo Samix Grupo Radio Corporación HS Import's	Samix Radio National: media and car dealership	Tony Saca was elected president of El Salvador (2004-2009), which allowed him to access to resources and buy more radio stations. Since 2016, he has been accused of misuse of public funds.	Domestic focus with high dependence in their network with government official and public contracts	GANA Grupo Samix Radio Corporación
Safie Family	Grupo Megavisión Hotel Sheraton Presidente Networks Rayones de El Salvador Hilanderías de Exportación	Megavisión Sheraton National: media, car and maquila	Prosecuted and ordered to repay US\$ 30 million in US in 2006. In 2016 started a mega real estate project called "Proyecto de Plaza Presidente"	Domestic focus on media, maquila and Real Estate	Megavisión
Bukele Family	OBERMET. Manufacturas Bukele El Blog. ABK	Grupo Bukele National: pharmaceutical; online media; real estate	Nayib Bukele was elected mayor of San Salvador through FMLN political platform. He was expelled from FMLN in 2017 and initiated a new political party to oppose ARENA/FMLN politics.	Domestic growth based on their networks and expertise. Privileged access with Estate.	FMLN; Nuevas Ideas El Blog

Source: Own elaboration based on Bull, 2013.

\*In here are included Tony Saca, his uncle José Luis Saca and his cousin Herbert Saca.

### **4.3.3 Homogeneity of Interest: Promoting New Economic Actors**

Counter-elites were aware that despite having won the elections, the power structure in El Salvador was intact and that in order to produce a change they would need to promote new economic policies and new actors. In fact, they acknowledged that the economic power of traditional elites had been strengthened in the last decades (Secretaría Técnica de la Presidencia, 2013). Also, they recognized that it was imperative to form alliances with local and international actors to modify the correlation of forces (Secretaría Técnica de la Presidencia, 2013).

In order to implement their project counter-elites pumped millions of dollars to closely related political militants and, in some cases, businesspeople (Enrique Rais; MIDES; Miguel Menéndez<sup>23</sup>) to dispute the elites' economic hegemony at that time. Counter-elites realized the need of having economic muscle. In this regard, the alliance between ALBA Petróleos and FMLN government became strategic too. In April 2006 ENAPSA, an association formed by Salvadorian mayors from the FMLN, and the Venezuelan oil company –PDVSA- funded a joint venture called: ALBA Petróleos. ALBA was born with the main purpose of providing hydrocarbons at subsidized prices. In doing so, ALBA must pay back to PDVSA 60% of their products between one to three months, while, the rest, 40%, it is financed in payment periods of 17 to 25 years. These privileged financial advantages have garnered ALBA Petróleos with an important amount of money to invest in other sectors. It was reported that ALBA Petróleos in 2014 had US\$800 million worth of assets (Negroponte, 2014). ALBA Petróleos allowed counter-elites to mobilize resources for key governmental projects, such as the revival of agricultural production projects, and for top party politicians and closely related businesspeople. On the other hand, ALBA received government support and privileged access to investment projects (solar energy).

ALBA Petróleos became a crucial government ally for policy development since Funes' electoral victory. This did not necessarily mean that he agreed 100% with ALBA Petróleos, but this reflects the multiple and complex alliances counter-elites made in order to curb elites'

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<sup>23</sup> Rais and Menéndez have been accused in El Salvador of fraud and money laundry. Rais left the country and Menéndez has been accused of money laundry.

influence. For instance, in promoting a revival of agricultural production, ALBA alimentos, a company founded in 2012, provided agricultural inputs, credits, equipment and technical training to small and medium-sized farmers. Between 2012 and 2014, ALBA alimentos provided credits to 35.558 farmers for a total amount of US\$34.5 million (Abrego Hernández, Herrera Reinoso, & Osorio Blanco, 2016).

Economically, ALBA Petróleos tried to dispute elites' hegemony with the creation of at least 16 other companies (see table 12). One sector in which they have been successful is fuel distribution. ALBA Petróleos went from representing 0.23% of fuels market in 2006 to 23% in 2014 (Lemus, 2014). Similarly, it entered the crucial market of airline companies. Historically, in El Salvador, aerial transportation has been controlled by a top family among traditional elites: Kriete (TACA/AVIANCA). Early 2014, a new company was created, and granted with governmental licenses to operate in El Salvador international airport: *Vuelos Económicos de Centroamérica* (VECA<sup>24</sup>).

ALBA Petróleos also took advantage of their closeness with Funes government to have privilege access to investment plans. For instance, in 2012 Funes' government signed an agreement with a Taiwanese company, Seedtech Energy specialized in the design and manufacture of LED lighting powered by solar power (Ministerio de Relaciones Exteriores de El Salvador, 2012). The government's plan was about to stimulate foreign direct investment, promote technological transfer and the production of solar plants in El Salvador. In this context, seven months after the deal was signed, in May 2013 ALBA Petróleos and Taiwanese investors founded Albatech Green Energy, a company with an investment of US\$21 million to produce solar panels in El Salvador (Lemus, 2014).

ALBA Petróleos money fueled at least 87 investment projects for a value worth US\$88.5 million (Lemus, 2014). Among ALBA investments, they invested US\$ 16 million in real estate projects in Nuevo Cuscatlán (Inversional Valiosas S.A.); in Gas (ALBA GAS); media (GenteVE); microfinance (Tu Solidaria); energy (Termopuerto); waste handling (MIDES); medicaments (ALBA medicamentos); and electronic payments (SUBES) (Lemus, 2014) (see table 12). Later on, the money of ALBA Petróleos also fueled the presidential campaign of

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<sup>24</sup> ALBA Petróleos controlled 60% of VECA shares through shelf companies in Curacao and Panamá. According to press reports, ALBA lend US\$14 million to VECA's CEO to start operations and then US\$33.4 million through a shelf company, El-Dia Corporation, in Curacao (Lemus, 2017).

FMLN in 2014 as I show in chapter six. The money invested by ALBA Petr6leos in media, was also a tool to keep counter-elites together.

Counter-elites realized that in order to dispute traditional elites' power, they would need to form strategic partnerships. In these strategic partnerships the common ground was settled not just on political views but on their common rejection of traditional elites. The latter was based primarily on social and political exclusion and on racism that had shaped the politics of counter-elites. Likewise, counter-elites were more interested in a new economic model that emphasized national market and capital. In this regard, ALBA Petr6leos played for counter-elites the role banks had with elites after privatization. ALBA Petr6leos became a financial pump for counter-elites with millions of dollars to be invested in other companies and sectors. The access to public funds also created conditions of reciprocity and loyalties with some businesspeople. ALBA Petr6leos and public funds garnered counter-elites a financial muscle they never had, which at the end increased their capacities to dispute elites' economic hegemony. Nevertheless, as I will comment on the conclusions of these research, the dependence on public funds, but specially, on funds from ALBA Petr6leos may imply the major weakness of counter-elites.

**Table 12. Companies Owned or Related to ALBA Petróleos**

<b>Name</b>	<b>Sector</b>	<b>Description</b>
ALBA Petróleos	Fuels	Commercialization of oil-derivative products
Vuelos Económicos Centroamericanos -VECA-	Aerial transport	Low-cost airline founded in 2014. It went bankrupt in 2017
Arrocera El Alba	Agro-industry	Commercialization and distribution of basic grains
Tu Solidaria	Finance	Micro credits to small and medium business people.
GenteVe	Media	TV Broadcaster
ALBA Tech Green Energy	Energy	Production and commercialization of solar panels
Maya Green Power	Energy	Solar energy
ALBA Gas	Fuels	Commercialization of liquefied gas
SUBES	IT	Electronic payments system used in public transportation.
ALBA Fertilizantes	Agricultural-inputs	Commercialization of fertilizers
SODICO	Real Estate	Gas stations administration
Inversiones Valiosas	Real Estate	Construction of residences.

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Source: own elaboration

## 4.4 Conclusions

With the electoral victories of the FMLN since 2009, and the international economic support received from Venezuela, a group of mostly Palestinian descents and leftist actors (FMLN politicians) became a powerful movement of counter-elites. While traditional elites maintain the largest sums of capital, the existence of these counter-elites have fostered the disputes among elites and counter-elites when engaging in political actions such as media capture. The ideological differences, racism and divergent interest among those fractions hindered to find and sustain common fronts. On the contrary, each fraction act in their own interest to dethrone the other.

Despite the fact that traditional elites maintain an internal cohesion shaped by common roots, social, business and political closure, as well as a neoliberal mindset, they lost privilege access to government and to public funds. The above caused elites to require more resources and time to engage in political actions. This was so due to the emergence of actors that dispute their hegemony in the ideological, political and the economic arena. This also meant a cost increase in the political actions of traditional elites. For example, currently there are more actors willing to pay or bribe media for their own benefit. Counter-elites have spent large amounts of private funds (ALBA Petróleos) and public funds to capture the media. Thus, for example, counter-elites built their own media outlet with funds of ALBA Petróleos (Genteve), but also, paid counter-elites' political campaigns through the use of public funds, as I will insightfully show in chapter six. Moreover, the expulsion of Antonio Saca, a radio mogul, from the traditional circles reduced the property over media outlets controlled by traditional elites, but garnered counter-elites with the largest radio holding. For the first time, counter-elites possess their own media outlets. This situation has resulted in an increase of their incentives to actively apply ownership strategies to change the content of the information.

The case of Palestinians descents shows that the cohesion of elites can be defined not only by economic interest or ideological affinities but also by personal backgrounds and racism. The above allows us to understand that elites are not always as monolithically as they have been studied. There are triggers of rupture and dispute among elites that transcend the macroeconomic interests, such as personal disputes. These ruptures can be positively channeled towards more progressive political actions, alliances, institutions and policies.

Different from Palestinian descents, actors tied to FMLN have been in a historical dispute against traditional elites. These actors who are FMLN top politicians, have tried, with limited success to dispute markets concentrated in traditional elites' hands, such as airlines and finance. Nevertheless, their privileged access to hydrocarbons distribution, economic resources from abroad and access to the State has allowed them to consolidate economic and political capital. A major problem is that in the long term, counter-elites have favored a type of politics FMLN were historically against: cronyism/patronage (clientelismo). Nonetheless, counter-elites are dependent on a fragile political coalition. First, some of the leaders (Saca and Funes) are in jail or left the country to avoid corruption charges. Second, their access to resources from abroad has been limited due to the Venezuelan crisis since 2014. Third, their dependency on electoral victories.

Finally, despite the fact that traditional elites have lost members as well as some of their economic leverage, their cohesive structure remains solid. This help traditional elites to re-organize future political actions.



# 5 The Networks of Media Owners

## 5.1 Introduction

In the burgeoning literature on the media studies, there is agreement about how the media capture can be explained mainly through the concentration of media ownership (Besley & Prat, 2006b; Corneo, 2006; Prat, 2014; Anya Schiffrin, 2017; Strömbäck & Kaid, 2009). Put simply, this literature establishes that the media is more likely to be captured when there are few large media owners that control TV, Radio or press (Prat, 2014). Nevertheless, in Latin American countries in general, and in Central America in particular, the media are always extremely concentrated in few media groups (Becerra & Mastrini, 2017), and variations in media capture, I argue here, can also be explained by the relational structures created by the networks of media owners. That is, networks built among media owners and media owners and elites.

This chapter proposes the media networks as another variable to explain the differences within media capture. Focusing exclusively on media concentration runs the risk of losing track of the media's possible contradictions and differences. In contrast, focusing on the media networks unveils ties that unite or differentiate media interests and exposes variations in the networks. Literature has shed light on two main kinds of networks (Cardenas, 2012). A first type, named *elitist networks*, is characterized by a high degree of network unity and a significant number of ties among elites. This type of networks promotes unity and the articulation of interests among actors that are a part of them. Also, they have a powerful “inner circle” that facilitates the creation of alliances. The second type, *pluralist networks*, is characterized by a low level of cohesion that, as a result, promotes individual actions instead of collective collaboration. The dispersion of these second type of networks results in the creation of different centers of power. This situation increases the competition among actors (Cardenas, 2012; Cárdenas, 2014).

This chapter maps and discusses the networks that are created when media owners share two or more companies (interlocking ownership) and when media owners serve on the board of top elite companies (interlocking directorates). When media owners share the ownership of companies with others, they form a business liaison that fosters social cohesion, communication and control (Borgatti, 1998; Cárdenas, 2016a; Mizruchi, 1992; Useem, 1984). Generally speaking the interlockings are relational indicators that allows us to analyze how elites and media owners are connected and form networks among them (Cárdenas, 2016b).

This chapter is based on the proposition that differences found in media capture in Costa Rica and El Salvador in chapter six and seven can also be explained by the relational nature of networks built by media owners. This is so because this two type of networks (elitist or pluralist) enables elites to act *as a block* or, on the contrary, as dispersed groups in pursuit of their interests (Cardenas, 2014a; Chu & Davis, 2015; Kocks, 2016; Mizruchi, 1992). In the case of elitist-media networks, particularly where media owners and elites share business interest, a group of elites has more chances to coordinate media capture to obtain vociferously representation of their specific economic and political interests. The opposite occurs in the context of pluralist media networks. In this case, the dispersion among elites reduces their incentives to articulate agreements. Due to this dispersion, elites need more resources, but especially, the use of more constraining actions to modify what is reported.

In this chapter Social Network Analysis (SNA) is employed, which is a methodology that studies, measures and maps social structures, and is a powerful tool to uncover power hierarchies and varieties of elite networks (Cárdenas, 2012).

## **5.2 Connecting Interests: Analysis of Media Owners' Networks**

Based on primary data collection, an original dataset was constructed to uncover how media owners and elites are connected. There is a consensus that media owners "constitute an important part of elite networks" (Freedman, 2014a; Herman & Chomsky, 2010b; Mayerhöffer & Pfetsch, 2018; Miliband, 1969b; Mills, 2000; Segovia, 2005; Waisbord & Segura, 2016), but there is only very scarce empirical evidence to sustain this. By employing SNA, this research takes an important step further by focusing on media owners' networks. One of the main advantages of SNA is that it allows to scrutinize the invisible relational structure woven between different elites (Mizruchi, 1992; Zeitlin, 1974). At the heart of SNA is graph theory,

employed to measure cohesiveness, identify communities and elucidate central actors (Borgatti, 1998).

In this research, networks are composed of media owners that are tied to 1) each other or 2) to top elite companies by sharing the ownership of one or more companies. Specifically, in this research I focused on the components of the networks. A component is a part of the network where all nodes are connected by direct or indirect ties. The structure of the network is defined by a large connected component or different disconnected parts. Component analysis allows us to measure the levels of unity or dispersion among the networks or parts of the networks. In detail, the networks were examined through the analysis of components to detect internal communities and cohesion among networks. Analysis of components in network analysis is a technique to graphically represent and analyze the level of integration or dispersion between different components. In figures 2 and 3 nodes represent media owners, and ties are jointly owned companies. In figures 4 and 5 nodes are top elite companies and media companies, and ties represent shared directors. The results show a visualization of patterns of relations among elites and media owners in each country, which allows an analysis of the varieties of the existing networks.(Cardenas, 2014a). It also illustrates to what extent media owners' interests are diversified and the different types of networks built by media owners in both countries.

### **5.3 Methods and Data**

The following analysis was carried out in two parts. First, I analyze the direct ties among media owners due to shared companies (interlocking ownership). Second, the analysis includes the ties among shared directors between media companies and the top economic companies in each country (interlocking directorates). A systematic and laborious procedure was followed to identify these interlocks.

First, for the interlocking ownership, it was necessary to identify the media companies in each country. For this analysis, 48 media companies were studied, 25 in Costa Rica and 23 in El Salvador. Due to the absence of a media authority in both countries, media companies were chosen based on previous works (Becerra et al., 2009; Pérez & Carballo, 2013; Robles-Rivera & Voorend, 2011; Rockwell & Janus, 2003; Segovia, 2005). Specifically, the inclusion criteria consisted of market and publicity share and, most importantly, of data availability on the composition of the companies' board of directors. Second, I identified who the media owners

of these companies were according to *Registro Nacional* in Costa Rica and *Centro Nacional de Registro* in El Salvador. Third, I identified and systematized the information about the companies where these media owners participated according to *Registro Nacional* in Costa Rica and *Centro Nacional de Registro* in El Salvador. In total, the boards of 1060 companies were collected in Costa Rica and of 397 companies in El Salvador. Fourth, I identified the companies where media owners shared ownership ties. Fifth, I built a relational matrix where media companies and media owners were visual and clearly differentiated. This relational matrix created in Excel was analyzed in UCINET, the software for SNA. Sixth, I analyzed the networks using component analysis to uncover how embedded media owners are.

For the interlocking directorates a similar process was followed. First, I identified media companies. Second, I identified largest companies in each country. For this, directors of 231 companies in Costa Rica and El Salvador were selected based on Cárdenas & Robles (2017). From that list, media companies and companies without public data were removed. In total, the work is based on 114 companies in Costa Rica and 117 in El Salvador. In the case of Costa Rica, the companies were selected based on the ranking of EKA 2012, a well-known Central American Business magazine, which organizes the ranking based on company's revenues. In the Salvadorian case, the ranking of *the Industrial Association of El Salvador (ASI)* based on revenues, was used. Financial companies were added to this list. These companies would not necessarily show up in the ASI ranking, because of the nature of their business, they have more assets than revenues (Cardenas, 2014a). Third, for each country I identified the directors of each company. Fourth, I identified directors of media and top companies that share more than one board. Fifth, I built a relational matrix in Excel where companies were ubicated in columns, and directors in rows. The Excel file was analyzed in UCINET, the software for SNA. Sixth, I analyzed the networks using component analysis to uncover how embedded media and top business companies are.

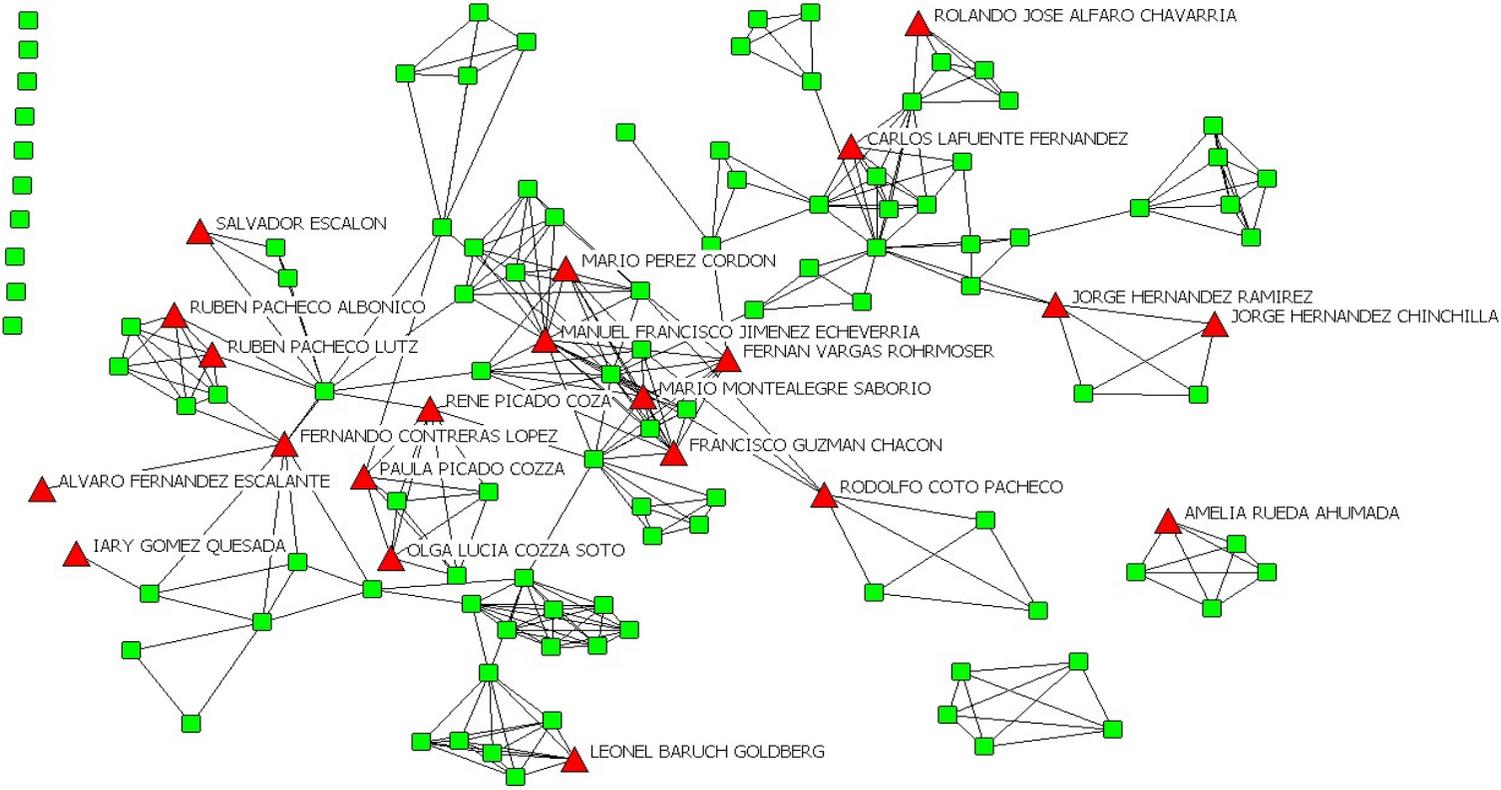
#### **5.4 The Networks of Media Owners in Costa Rica and El Salvador**

A component analysis was used to determine the main characteristics of Costa Rican and Salvadorian media networks. A component is a set of connected nodes within a network. In this case, the nodes are media owners that are tied to each other through their shared ownership of one or more companies. The size of the components indicates the number of nodes that make up each community. The higher the number of nodes in the components, the higher the

cohesion of inclusion. The main component is the one with the largest number of nodes (Cárdenas & Robles, 2017). In the extreme case of resulting in only one component, this means all nodes are connected, thus more integration within the network. In contrast, the larger the number of components, the more dispersed the media network is. (Cárdenas, 2014, 2016b).

In Figure 2 and 3, the results of the component analysis of media owners' networks are shown for Costa Rica and El Salvador, respectively. The results show that Costa Rican networks are the most integrated media network of the two. In the Costa Rican case, we found four components, and the main component consists of 106 media owners (82%; see figure 2). Due to the higher number of media owners in this community, it is more likely for these media owners to contact and pressure each other easily. It also means that this specific group of media owners can monitor almost the whole media network (Fennema & Heemskerk, 2002). A particularity of this community is that the media owners integrated into this component are proprietors of the largest media outlets in Costa Rica: La Nación, La Extra and La República on the press; Teletica on TV, Columbia, Omega, CRC, Musical on radio; CRhoy in web and Telecable on cable. In figure 4 media owners are colored in red and shaped as triangles to give a better visual representation of them. The high share of Costa Rican market of these 10 companies would imply that when these companies act together, their demands resonate on media with the largest audiences. The other components formed by three to six nodes correspond to family media companies, such as the online website AmeliaRueda.com, or transnational companies such as Telefonica. These two examples suggest that Costa Rican networks tend to exclude transnational companies and mainly online media companies such as the case of AmeliaRueda.com. This also implies that; those two types of media companies are less likely to invest in other sectors or to include owners from other media firms.

Figure 2. The Networks of Media Owners in Costa Rica



Source own elaboration. Green and red nodes are media owners tied to each other through their shared companies. Red nodes are the owners of main media companies in Costa Rica

In El Salvador, the picture is quite different. The media network of El Salvador is built by 12 different components, and the largest component consists of 27 media owners (22.75%; figure 3). The high number of components in the media network of El Salvador suggests that the level of dispersion among Salvadorian media networks is higher than in Costa Rica. First, in the main component (red triangle nodes) the four largest media companies of El Salvador are connected together (TCS; El Mundo; El Diario de Hoy; La Prensa Gráfica). Second, the majority of media outlets of El Salvador do not have any businesses in common. The red community confirms the idea that traditional media have been united regarding historical and familial ties, but also that the unity comes for sharing economic interest and investments. Also, the network shows that despite the ties among largest media, the majority of media companies in El Salvador are less likely to be controlled or dependent on these four companies due to the lack of economic ties among them.

Network analysis unveils a more unified network of media owners in Costa Rica than in El Salvador. Considering the properties granted by networks, Costa Rican media owners are more likely to share contacts, information, and knowledge, at the same time, that they are more likely to exclude opposing voices, ideas and actors. Likewise, since in Costa Rica the largest media owners are all connected, their capacity to move the public debate in their benefit is higher. The opposite may occur in El Salvador where networks are mainly knotted among a limited number of media outlets that have historically shared ideological, economic and political ties. The major dispersion of Salvadorian networks also facilitates that opposing voices have access to media outlets out of elites' control.

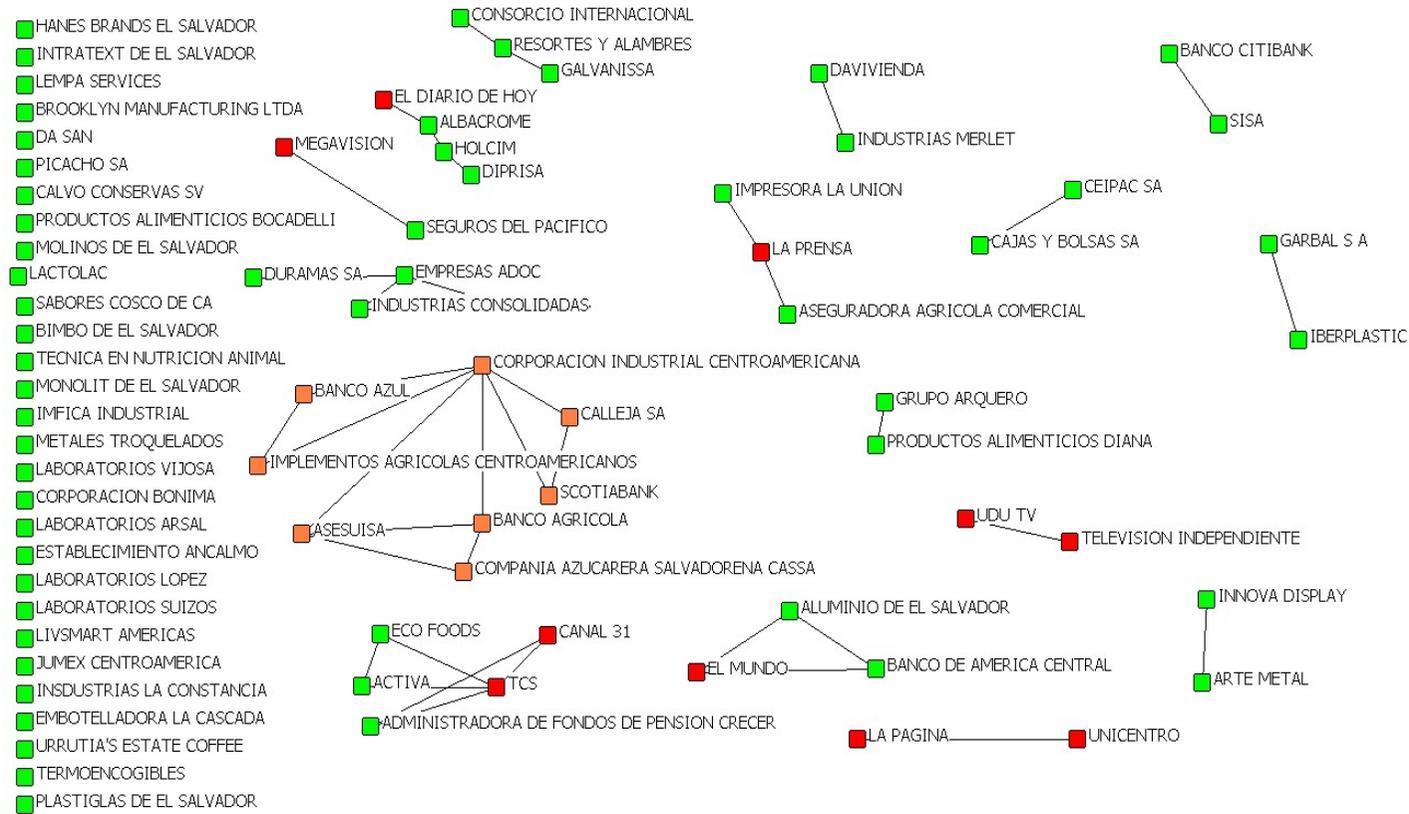


## 5.5 Media Owners and Elite Companies

Concerning the analysis of networks among media owners and top elite companies, the data, figures 4 and 5, suggests remarkable differences between Costa Rica and El Salvador, such as economic diversification of some media companies and dispersed business interest in El Salvador and a core of media owners that are embedded in a powerful business community in Costa Rica.

In El Salvador, figure 4 shows that the media is highly disconnected of each other and mainly organized around business sectors privatized during the last decades such as insurance and pensions sector. The above allowed media owners to diversify their investments within different companies. The broadening of investments led to the creation of diversified business groups that included media outlets. For example, El Mundo (press-1967), which appears tied to the company Aluminio de El Salvador and Banco de América Central, is part of a diversified business group named Grupo Borja with local and regional investments in energy, retail, telecommunications, real estate and agro-industry. Megavisión (TV, 1992) is tied to an insurance company named Seguros del Pacífico. Seguros del Pacífico was funded by Megavisión's owner, Oscar Safie Hasbún, and controls 4% of the insurance market with assets of around US\$12 million (Seguros del Pacífico, 2016). TCS (TV, 1956) is connected to pension funds (Administradora de Fondos de Pensiones Crecer). El Diario de Hoy (press, 1936) has expanded its investments in El Salvador and Panamá through an editorial company (ALBACROME). It also has ties to a transnational company (Holcim) and a beverage company (DIPRISA) through the board of directors. That situation is also evident in La Prensa Gráfica (press, 1914), which is tied to its own editorial company (Impresora La Unión). One of its board directors is also connected to an insurance company (Aseguradora Agrícola Comercial) that controls 13% of insurance market and has assets of US\$30 million (Aseguradora Agrícola Comercial, 2017)

**Figure 4. The Networks of Media and Elite Companies in El Salvador**



Source: own elaboration. The ties are created by sharing directors. Green nodes are top elite companies.

Red nodes are media outlets. Orange nodes are the main component

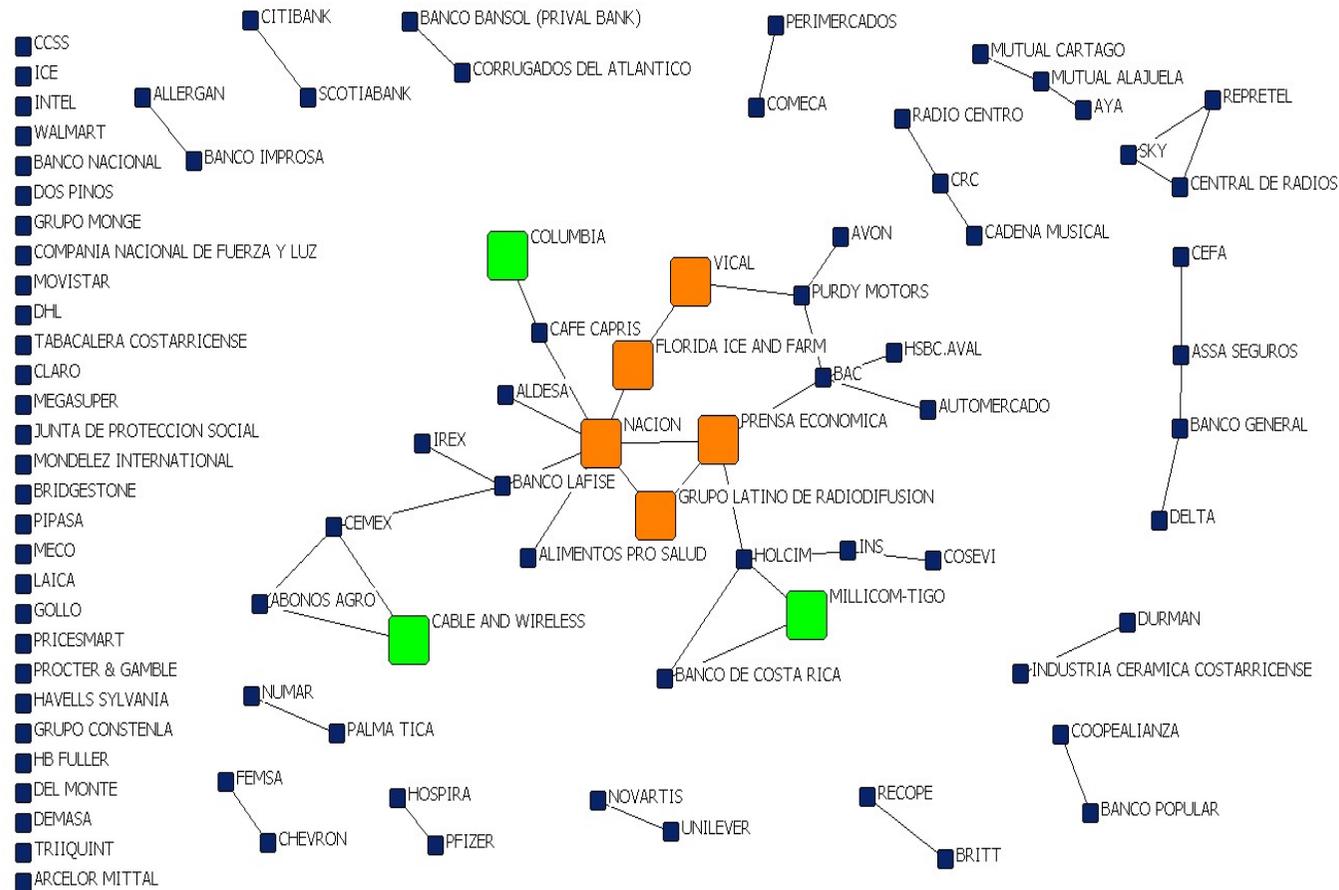
Figure 4 of El Salvador also shows that media owners that form these interlocks are the ones that belong also to the largest and most traditional media firms. The above suggests that they have been capable of accumulating important economic capital to invest in other companies. At the same time, a reduced number of them have strengthened their social presence within the wealthy club by incorporating in its boards, directors from other companies. The networks also unveil that the Salvadorian media owners do not necessarily share a business interest, on the contrary, they even have a competing interest outside media market. This is the case of La Prensa Gráfica and Megavisión, both companies compete in the insurance market. Despite the regional investments of Grupo Borja, the majority of the media companies are still nationally based, which increased its dependency on local markets and State publicity. Finally, media owners in El Salvador, as opposed to the Costa Rican case, are not connected to the inner circle of elites, which is almost exclusively dominated by banks (orange nodes' community).

In Costa Rica, the interactions among media owners and elites, presented in figure 5 are shaped by three different dynamics: i) media outlets owned by regional capitals (Albavisión) that only share ties among them (Repretel, Central de Radios, Sky); ii) different media outlets that have ties among them due to their shared boards of directors in radio (Cadena Musical, CRC and Radio Centro); and iii) a selected group of media outlets that share business in the inner circle of the network: Columbia (Radio; national); Millicom (telecom; transnational); Cable and Wireless (telecom; transnational) (all of them are colored in green), and Grupo Nación (La Nación, Prensa Económica press; Grupo Latino de Radiodifusión, radio, nodes colored in orange). This inner circle ties together the most central and powerful firms in the network. In fact, this main component tied together the largest economic interest and elites in Costa Rica, such as Florida Ice and Farm, the largest national company with investments in Central America and the United States. Furthermore, when we look closer at this inner circle, it reveals the role played by the companies owned by Jiménez Family (Prensa Económica, Grupo Latino de Radio Difusión, La Nación, Florida Ice and Farm and Vical). These companies work as a bridge that gathers together interest from retail, investment funds, finance, auto distribution, concrete products and telecom companies. The Grupo Nación companies exposed a group of media owners that constitute a fundamental part of elites' networks. Regarding the fact that networks constrain the social action of their members (Cardenas, 2014b; Cárdenas, 2016b), media and business interlocks in Costa Rica suggest that there is a group of media owners whose interests are constraint by the interest of largest capitals in the country. Another difference in comparison with El Salvador is that Costa Rican media-elite networks are built

by more transnational and regional companies (Cable and Wireless-UK, Lafise -Nicaragua, Aval- Colombia, Millicom-Tigo-Luxemburg, Holcim-Switzerland, Cemex- México, Abonos Agro-Guatemala). The above can be explained due to more openness to regional and transnational capital in Costa Rica than in El Salvador, including media.

In sum, media owners in El Salvador are more likely to have their own firms and do not necessarily share investments with other media owners or elites. In Costa Rica in contrast, a group of media owners corresponds to the owners of the largest media who also share businesses with the most powerful elites. These differences would suggest that in Costa Rica, media owners and elites tend to share business interests.

**Figure 5. The Networks of Media and Elite Companies in Costa Rica**



Source: own elaboration. The ties are created by sharing directors. Blue nodes are top elite companies. Orange and green nodes are media outlets. The orange nodes represent companies of Grupo Nación in the main component

## 5.6 Conclusions

In contrast to earlier work, I find that the media in El Salvador is more open to opposing voices than the media in Costa Rica. In El Salvador, opposing voices have more chances to use media to defend their views and ideas, whereas in Costa Rica media system is constrained to a limited number of voices that share common views and values with top elites. This finding is significant because it suggests that in El Salvador elites may need more time and resources to capture the media. It also suggests that media owners in El Salvador are less powerful than understood before. Two main explanations would help us to understand why media networks are so different in each country: changes in media and political changes. Since 2000, El Salvador has experienced the emergence of new media, and for the first time, a leftist government was elected in 2009 (chapter 4), though, in Costa Rica media and the political system remained almost the same (chapter 3).

This chapter also demonstrated the importance of new methodological and theoretical approaches such as network analysis to understand media capture. While most studies of media capture have focused on ownership indexes, those indexes lack of portraying the traces of possible and important differences within media and media owners. The sole existence of few media owners does not necessarily explain differences in media capture, neither does it explain why in countries like in El Salvador with higher concentrated media market, media capture was more disputed than in Costa Rica whose concentration is lower (see next chapters). Media owners are not homogeneous structures of power. In this respect, one central argument of this research is that, besides focusing on concentration ownership measures, research on media capture must also address the relations media owners intertwined.

This chapter also unveiled how different media owners fostered relations among them and with top elite companies in Costa Rica and El Salvador. In fact, the relational nature of these networks defined significant differences among them. Unified networks among media owners and networks that connect elites with similar views, interest, and information suggest the existence of *an elitist media network* (Costa Rica). In Costa Rica the situation of elitist media networks constrains pluralism and garners the emergence of a small group of powerful elites with more resources. The fact that important media companies are part of a larger business community imposes constraints to opposing voices. In this regard, when elites need to capture

the media there are non-competitive actors that threaten their access to produce and concertedly send common messages. Elitist media networks, as I will show in chapter six, helped elites to coordinate the production and distribution of information about the allegedly communist threat that the leftist party Frente Amplio meant to Costa Rican democracy during the 2014 presidential elections.

On the contrary in El Salvador a situation of disperse networks suggests more plural media, more competitive political currents and corporate interests among media owners, thus, defining *pluralist media networks*. In El Salvador, the diversity of actors, agendas, and objectives reduce the chances of a particular group to coordinate media capture in a single direction. Hence, the conflict to produce messages –the communists versus the corrupt- limit the influence of a single group and increases the disputes to capture the media. Likewise, as I will show in chapter seven, the small number of business ties woven between media companies and top businesses secured limited control of elites over particular and traditional media. That limited control opens up access to other media companies for counter-elites. The ones they built or bought. Pluralist media networks for the first time, as I will show in chapter seven, opened up a space in public debates counter-elites.

In the next two chapters, I show how cohesion or fragmentation among elites and also the type of media networks increased elites' chance to coordinate or dispute media capture during the 2014 presidential election.



# 6 Coordinating the Capture: The Strategies of Elites to Capture Media in Costa Rica

“Pero si René es amigo nuestro, nosotros fuimos a hablar con René y le dijimos:  
René, pero qué es la mierda hijueputa.  
Deja darle tanta pelota a este hijueputa de Villalta.  
Playo, sólo eso hablas, todo el día de ese hijueputa.  
Ignacio parece que fuera  
cabro de este hijueputa solo de ese mae habla.  
Habla de cualquier otra picha, de otro mae, sólo esa mierda hablas”  
Businessman six (2015)

## 6.1 Introduction

From December 2013 on, the media were covered with headlines such as "Frente Amplio expressed sympathy with Hugo Chávez's revolution" (La Nación, 13.01.2014); "José María Villalta assures he is not communist" (CRHoy, 15.01.2014); "José María Villalta defines himself about communism, Venezuela and the future of the country" (Repretel, 5.12.2013). These were not times of Cold War but rather the first time a left-leaning politician was leading the polls. On December 1st, 2013, a poll published by Costa Rica's most important newspaper, La Nación, surprised the country. Frente Amplio (FA) was ahead by 22% of total voting intention, followed by the officialist party, the Partido Liberación Nacional (PLN) at 19%, and the right-wing party, Movimiento Libertario (ML) at 14%. As noted by an elite, those news on a Monday morning set elites' alarm,

Pero cuando estos chamacos (business leaders) encuentran un lunes al igual que yo que aparece en La Nación que el FA tiene el 31%<sup>25</sup> del voto y que Liberación tiene el 33, que el PUSC tiene el 3 o el 4, el PAC está por debajo del factor de error, entonces usted dice, wow. "because these guys are real". Y si estos carajos ganan.

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<sup>25</sup> The real poll numbers are the ones indicated at the beginning of this section.

Empaque y vámonos. No es el Partido Socialista, es el Partido Comunista.  
(Interview, Businessman nine 2015)

In the last four decades, elites in Costa Rica rarely faced political turmoil as I showed in chapter three. The political context in Costa Rica has allowed elites to quietly manage friendly relations with political parties and governments. Since the mid-1980s, most of the political agenda has turned into pro-business agenda (Bull et al., 2014; Sánchez-Ancochea, 2005; Sojo, 1991b). Elites have chosen to support political parties indistinctly as an insurance policy (Casas-Zamora, 2005). However, 2014 presidential elections produced a new framework for elites, one that could result in losing access to influence government due to a potential electoral victory on the left. Access to government means contracts, resources and, to some extent, a competitive advantage against transnational elites (Bull et al., 2014).

For Costa Rican elites, the left-leaning party, FA, meant a threat to democratic values of private property and liberty, and a direct path to what they called the "castro-chavization" of the country. A letter circulated among<sup>26</sup> them explained the following:

*“El propósito de esta carta es pedir su apoyo y facilitarle información para que pueda realizar una labor educativa en el seno de su empresa. Como bien sabe, nos encontramos frente a una coyuntura delicada, dado el creciente respaldo a opciones alejadas del tradicional centro democrático que hemos elegido históricamente para guiar el Gobierno de nuestro país. Creemos que esto se da, principalmente, por falta de entendimiento de las serias implicaciones de implantar en Costa Rica un gobierno comunista.*

*Son conocidas las posiciones del Frente Amplio respecto de la empresa privada, el Estado, el control de los medios de comunicación, la educación, la economía y otros temas de igual relevancia, expresadas en su plan de Gobierno y en la Asamblea Legislativa, y constituyen señal inequívoca de que, de acceder al poder, este partido destruiría las bases fundamentales de nuestro modelo democrático y, muy particularmente, a las empresas privadas. Igualmente son conocidos los ligámenes que este partido político tiene con los regímenes nefastos que hoy imperan en Cuba, Venezuela, Nicaragua y otros países (Alianza Costa Rica, 7.01.2014, italics FRR).*

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<sup>26</sup> I received this letter by email three weeks before elections. The letter was leaked by someone that received it in its email by error. The letter was attached together with other documents such as a power point presentation and manuals.

The unprecedented electoral popularity of a left-leaning party in Costa Rica and its unexpected emergence as a real political option to govern Costa Rica for four years was a result, according to elites interviewed, of an extremely positive media coverage. A common mindset among the interviewed elites was that the media were responsible for a positive and continued exposure of left-leaning candidate. In the elites' eyes, there was a certain kind of media positive-obsession with José María Villalta and his ideas that at the end benefited his political campaign. The quote that opens this chapters is an example of this feeling among elites. The alleged help from the media to a left-leaning party was new in Costa Rica, where literature has shown how the media has played a major role defining the scope of policies and supporting key neo-liberal reforms and elites in the last three decades ( Sandoval García, 2008; see also chapter three).

This chapter seeks to explain how a cohesive group of elites captured media during 2014 elections in Costa Rica. It is shown that strategies used for Costa Rican elites to capture the media were shaped by their given capacity to organize and form a common block. Elites were able in a very short period of time to collect money, gather information, lobbying and pressure media owners to frame FA and his candidate as a “populist/communist” threat to Costa Rican democracy, liberty and freedom of press. For media owners it was not just political affinity with elites, but also a matter of access to money and a privilege status among the upper circles.

As it follows, I first describe and characterize the elites who sought to capture the media and, second, I analyze the strategies elites utilized to transform the production and distribution of information about the leftist party during the electoral campaign in 2014.

## **6.2 Elites: Alianza Costa Rica**

Two months before the elections, aware of the limited time left, elites from different sectors, companies and political parties formed an unprecedented alliance in December 2013<sup>27</sup>: Alianza Costa Rica. Alianza Costa Rica integrated a group of Costa Rican elites that included: Tomás Dueñas (PGH Limited Group); Francis and George Durman Esquivel (Grupo Montecristo and Aliaxis), André Garnier (Garnier & Garnier), Carlos E. González (Grupo Pelón), José A. Jenkins (El Viejo), Javier Quirós (Grupo Purdy), Guillermo Alonso (Automercado), Jack Loeb (Pacuare Lodge), Diego Artiñano (Mabe), Manuel Terán Jiménez

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<sup>27</sup> During the referendum process to approve CAFTA in 2007, another group "Alianza por el Sí" brought together economic and political parties. In this case, the leader was the former Minister of Agriculture, Alfredo Volio.

(La Laguna), Javier Prada López (DIOPSA), among other well-known businessmen in Costa Rica. This group included largest investors from tourism, health, real estate, commerce, retail, pharmacy, agribusiness. The group was independent of political parties or institutionalized business associations. It was led by a well-known businessman, former minister of commerce and labor, as well as a former ambassador to the European Union and Washington, Tomás Dueñas.

The elites that gathered together in Alianza Costa Rica share similar characteristics. They have common educational backgrounds. For instance, some of them were classmates in the Humboldt Schule or at the University of Costa Rica, and most of them went to the United States to study master programs related to business administration. They have actively participated in politics supporting mainly two political parties (PUSC-PLN) and a friendly business agenda. Some of them were recruited into past government administrations and others have been well-known private campaign donors. Also, they have business in common, some are part of interlocking directorates, others have invested in common projects. They also agree on the need of intervening in the public debate based on four main reasons. First, the risk of a left-leaning victory could represent for business elites in Costa Rica. Second, what they understood as a media biased in favor of the left-leaning candidate. Third, what interviewees recalled as a lack of knowledge of Costa Rican voters about the communist risk hidden behind FA that at the end propelled his popularity. And finally, elites assumed that Costa Rican democratic system was under peril, and they should act as “democratic guardians”. As stated in the same letter circulated by Alianza Costa Rica among employees affiliated to their companies:

"Como empresarios, tenemos un deber ciudadano de llamar la atención de nuestros trabajadores para que formen un frente común en la defensa del sistema democrático, mediante una mayor comprensión de las características de la propuesta del Frente Amplio y la amenaza que representa." (Alianza Costa Rica 7.01.2014)

Costa Rican elites first met at the beginning of December 2013 to define a route of action. The first task was to collect money and information. According to two interviewed elites, the money collected counted around half million dollars. This is not a small amount of money if we take into consideration that it represents an amount equivalent to one third of the total private funding of the five main political parties during this electoral campaign (Cárdenas & Robles-Rivera, 2017). The money elites have given to Alianza Costa Rica was directed to finance the operations of the group. For instance, they recruited people to gather information

in Costa Rica, Nicaragua, Venezuela and Cuba on personal and political bios, discourses, political meetings, policy proposals, and op-eds that could demonstrate links between FA's politicians and, what they called, the "Castro-Chavista project" (see figure 6).

Based on the gathered information, and building on support from marketing and publicity experts, the Alianza Costa Rica prepared, designed, and distributed among businesspeople letters, guidelines, flyers, presentations, leaflets and press releases with their main concerns about FA. Among these concerns, Alianza Costa Rica focused on economic instability, communism, poverty, loss of freedoms and private property. As stated by *Alianza Costa Rica* in a letter to its fellows:

Dado que el tiempo es corto, nos hemos permitido preparar para usted un paquete informativo que facilite la comunicación con sus trabajadores y que incluye posibles mensajes a emplear, una presentación que podría servir de apoyo a reuniones y un volante, en caso de que quiera imprimirlo y distribuirlo. (Alianza Costa Rica 7.01.2014)

Figure 6. Frente Amplio shows sympathy for “revolución chavista”



Source: La Nación, 6.12.2013

However, this campaign was suspended by *Tribunal Supremo de Elecciones*<sup>28</sup>, in order to study an electoral complaint that argued that managers were manipulating their employees' voting decision, something prohibited by Costa Rican electoral law. Also, elites tried to pressure political parties. According to interviewees, they had meetings with the major political parties, such as PLN, PUSC, ML as well with Christian political parties. The meetings were set to provide political parties with the information the Alianza Costa Rica had gathered and that could be used to defy FA in debates or advertising. As an "exchange of support", politicians were asked to "denounce FA", as the "common enemy of our democratic system", as pointed out by an interviewee (Businessman two, 2015). As figure 7 shows, PLN's ads followed elites' messages. Furthermore, in private meetings with the other two leading candidates according to the polls, Johnny Araya (PLN- center right) and Otto Guevera (ML -right), elites tried to pressure them to stop attacking each other, and to focus on pressuring on Jose María Villalta, their common enemy. However, as noted by an interviewee,

Nosotros tratamos de ponerlos en paz, no se ataquen entre ustedes, den sus programas de gobierno... Ustedes no han entendido que ustedes están jugando con fuego. Hagamos una paz, dejen de atacarse públicamente ... Entonces la empresa privada tratamos de meternos a que hubiera paz entre ellos, que no se atacaran y que fuera un tipo de política más limpia. Llegamos a lo mismo. De aquí sentados, sí así va a ser. Sale el programa de televisión. Hachas, y bombas, y dinamita, entre ellos. (Businessman seven 2015).

Despite the capacity of elites to organize, mobilize resources and define a common strategy to address what they consider a threat, their capacity to influence was curbed by institutional constraints -TSE- and elites' incapacity to trust politicians. With a limited amount of time, elites were aware that in order to reach a broader public they needed to capture the media. In the next section, I explain the strategies elites used to capture the media to mobilize public opinion away from the left.

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<sup>28</sup> At the end of January 2013, days before elections, TSE settled that the campaign did not violate any rule of Costa Rican electoral code.

Figure 7. PLN electoral advertising



Source: La Nación, 12.01.2014

Message in add: "If I vote to the left, communist ideas of FA will risk my job and the job of thousands of Costa Ricans. It already happened in Venezuela..."

### **6.3 Elites Strategies to Capture the Media**

When threatened by the possibility of an electoral victory on the FA, elites urged to capture the media to influence voters. In this section I explain how Costa Rican elites captured media by organizing and gathering information, allocating money and censoring reports.

### **6.4 Political Strategies**

Political expertise among Costa Rican elites led them to form a “lobbyist force” seeking to change the positive framing media had about FA. For elites, media was “playing with fire” (Businessman seven, 2015), and had favored FA campaign without taking into consideration the possible consequences for the country (Businessman two, 2015). Elites lobbied media owners and provided media with information they have gathered to damage the electoral support in favor of FA.

#### **6.4.1 Lobbying**

The lobbyist force included lawyers, marketing, and design thinking advisers, political experts and polling firms. The leading group included the expertise of businessmen who in the last decades have been recruited for different government positions, lead important business groups in the country or were directors of media companies. Alianza Costa Rica set in motion three core actions: gathering information, lobbying and a public relations campaign to capture the media. In doing so, lobbyist force was first entailed to find out “elements of truth” about the communist and populist ideas of FA (Businessman nine, 2015), second, they sought to define a short and simple message to be communicated (the risks of communist/populist threat) and third, put pressure for a change in the news coverage according to the information they have provided to the media.

In finding what the elites called “elements of truth”, a group was entailed to investigate in Costa Rica and in other countries information about the backgrounds, declarations or actions political leaders of FA have taken regarding Nicaragua and the sandinistas, as well as in Venezuela and Cuba (Businessman nine 2015). As pointed out by elites interviewed, the main point of

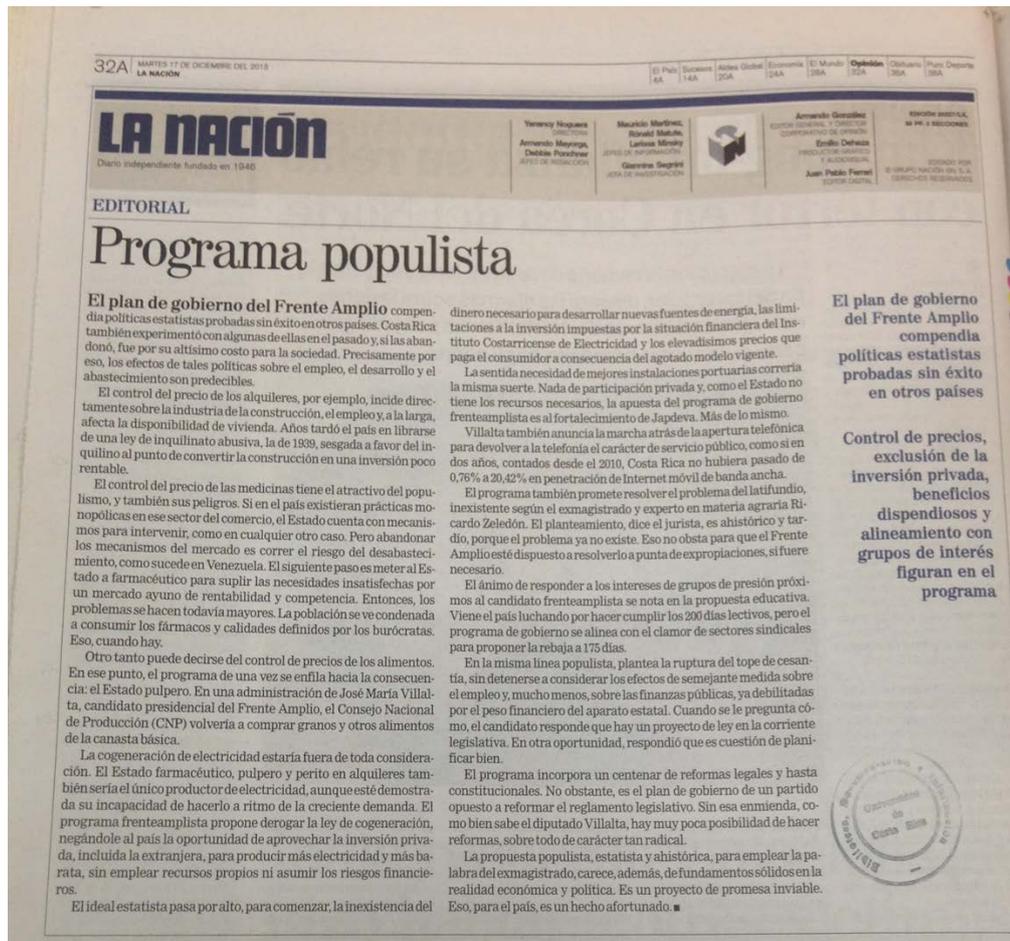
gathering this information was to let the media know that their concerns about FA were true facts, based not just on FA's political program, but also on its political past and linkages with Cuba, Venezuela and Nicaragua. And that these concerns would threaten also media in the near future.

With time running out quickly, a very small group of elites took their materials and information and went directly to lobbying media. A group of three to four top elites was in charge to visit and meet with editors in chief, political commentators and even a radio comedy host "to reach the largest number of people" (Businessman nine, 2017). The small size of the group was decided in order to do not anticipate any movement and to constraint leaks of information. The easy access of these elites was given thanks to their long-lasting networks with media owners, media-advertisers, business in common and the reputation of elites. As commented by an editor in chief:

"Bueno, aquí llegan tres de los empresarios más importantes de este país, y nos preguntan que qué vamos a hacer con el peligro de José María Villalta." (Interview, editor in chief three, 2015)

In these meetings, elites, using the information they had, pressured for tougher grip of media owners over the content produced. For them it was necessary the intervention of media owners to build a new frame about FA according to their particular concerns. As expressed by an interviewed elite: "I went to Channel 7 and Channel 6 (largest Costa Rican TV broadcasters). Give me half an hour and I will explain why. We showed them pieces of news, comments, tours of the candidates, interviews, everything" (Businessman seven, 2015). For elites, their mission was to inform media and people about the real meanings of a radical left party, so the people can decide if they want to live under that regime with its consequences and benefits (Businessman two, 2015). The frame proposed by elites was one in which FA should be presented as a populist threat to Costa Rican democracy, free press, private business, and employment (see for example figure 8).

Figure 8: “Populist Program”, La Nación’s editorial (17.12.2013)



Source: La Nación 17.12.2013.

When elites were asked about how media reacted to their lobbying- campaign, elites expressed that some media understood their messages better than others. Media companies that were responsive to elites demands, and media that required a special pressure through media owners. As pointed out by an elite “Encontramos desde medios que lo entendieron muy bien, como Repretel, lo entendieron y manejaron muy bien, pero también algunos con los cuales se recurrió a hablar con los dueños...” (Businessman nine, 2017). It is worth noting that Repretel is a media holding group owned by the media mogul, Ángel González, that in Costa Rica has mainly supported conservative politics from center-right, such as PUSC. Ángel González has been known by his capacity to adapt to different political contexts and economic demands. While in Costa Rica, Ángel González allied with elites to defeat a left leaning party, at the same time in El Salvador Ángel González negotiated with a left-leaning government his access to the TV’s market (see chapter seven).

How the framing of elites was incorporated into media is perfectly accounted by an editor in chief, when asked about the role played by La Nación during the campaign. As it follows:

“La Nación cumplió su papel de decirles a los votantes, esto es el Frente Amplio. Si por eso nos quieren adjudicar pues una inclinación partidaria bueno, adelante. Pero yo no creo que una oferta electoral deba disfrazarse o servirle de disfraz. Ahora, la que fue y votó fue la gente. Pero votó sabiendo que el Frente Amplio tiene una relación muy estrecha con el gobierno bolivariano, con Nicaragua y con todo eso” (editor two, 2016)

Elites agreed that in the case of the other companies -Teletica for example, they had to talk with media proprietors with whom they could have more leverage considering businesses in common, family and advertisement ties. For elites, in media companies such as Teletica, editors in chief have took the media as their own personal property and have been guided by an “excessive” freedom of press (*libertinaje de los periodistas*). In the section of ownership strategies, I analyze further these actions.

#### **6.4.2 Public relations**

During their public relations campaign, elites sought to promote their actions positively through interviews, press releases, and conferences while trying to elude public confrontation and the publicity of its members. This was tacitly accepted by most media companies who did not seek to investigate about Alianza Costa Rica. As stated by Tomás Dueñas, spokesperson of Alianza Costa Rica, in a press announcement that was entirely reproduced by media,

Alianza por Costa Rica es una organización cívica surgida del interés de miles de costarricenses comprometidos con el fortalecimiento del modelo democrático, la búsqueda de la paz social y la construcción de un país próspero y esperanzador para todos los ciudadanos. Alianza Costa Rica no respalda a ningún candidato, pero sí promueve la elección de un candidato que garantice la permanencia del sistema democrático (Soto, 2014).

Elites discourse, which was carefully elaborated, was designed to project their actions based on moral, democratic and social concerns, so they could be difficult to contradict. This strategy was tacitly supported by the media. The media focused on reproducing elites concerns and political views without questioning the messages and their purposes (see figure 9). Sooner rather than later, the political debate during the last month of the campaign changed from structural problems such as insecurity and inequality to debating about the filiations of FA with the governments of Cuba and Venezuela and the threats to Costa Rican democracy portrayed by a left-leaning party.

The political strategies employed by elites allowed them to connect their particular interests with popular concerns about democracy. When elites lobbied media, they were looking for legitimacy and for wider channels of communication among voters and other social actors. Elites' campaign changed media coverage by introducing the information they gathered and converting their main particular concerns in media and in public concerns later.

Figure 9: Businesspeople advise employees about Villalta

BALEUCAS PERIODICO DE LA ECONOMIA DEL PAIS  
LA NACIÓN

**ELECCIONES 2014**

# Grupo pide advertir a empleados sobre Villalta

**Mensaje a patrones alerta de riesgos ante eventual triunfo del Frente Amplio**

**TSE no ha recibido denuncias, pero se mantiene vigilante de cumplimiento de leyes**

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Un grupo de empresarios, cobijados en una organización cívica denominada Alianza Costa Rica, pide a los patrones alertar a sus empleados sobre los riesgos para el país y las firmas privadas de un eventual triunfo del candidato presidencial del Frente Amplio, José María Villalta Flores Estrada.

Se trata de un paquete informativo, que es distribuido a los empresarios, para que estas los compartan con sus colaboradores.

El legajo incluye una carta firmada por el presidente de Alianza Costa Rica, Tomás Dueñas, un documento de mensajes para que los patrones los usen como insumos al hablar con los trabajadores, un volante para repartir al personal, así como una presentación digital.

En la misma, Dueñas solicita advertir a los trabajadores sobre el peligro "para nuestro modelo democrático" que representa el Frente Amplio (FA) y su aspirante.

Dueñas reconoció ser el responsable de los documentos, pero negó que estos pretendan que los patrones influyan en la intención de voto de sus empleados.

"Todos los costarricenses tenemos la obligación y el derecho de educarnos para ejercer un voto informado que asegure las decisiones más correctas por parte de la ciudadanía, por esa razón, nos comunicamos con el sector empresarial", aseguró Dueñas.

Por su parte, el Tribunal Supremo de Elecciones (TSE) informó que conoce el asunto pero no tiene denuncias concretas.

Gustavo Román, asesor de la Gestión Política del TSE, declaró referirse al fondo del asunto, pues según dijo, adelantaría criterio en un tema que podría llegar a Analysis del Tribunal.

El TSE envió ayer un comunicado en el cual recordó a la ciudadanía, que según el artículo 70 del Código de Trabajo, los patrones tienen, de cara a sus empleados, "absolutamente prohibido... influir en sus decisiones políticas".

ADEMÁS, CÓDIGO ELECTORAL, según el cual constituye delincuencia electoral el que, "por medio de dádivas, promesas de dádivas, violencia y/o amenazas, [se] trate de inducir o induzca a una persona a adherirse a una candidatura o a abstenerse de hacerlo".

En una guía de mensajes que se procura llegue a los empleados, Alianza Costa Rica advierte sobre las consecuencias para el país y las empresas de un eventual gobierno de Frente Amplio.

"Nos dimos a la tarea de revisar sus planteamientos y encontramos en ellos, amenazas directas contra nuestra actividad, contra nuestros empleos y nuestro modelo democrático", dice la carta.

Villalta calificó anoche de "muy grave" lo que este grupo de empresarios, según dijo, vinculados al PLN, están haciendo. Agregó que realizan afirmaciones "temerarias", como que un gobierno de FA pone en peligro la democracia, cuando "son sus propias prácticas de amenazas y chantajes a los trabajadores las que ponen en riesgo la democracia". Confirmando que hoy hará la denuncia al TSE. ■

**En pocas palabras**

**Tomás Dueñas**  
COORDINADOR DE ALIANZA COSTA RICA

**5'**

**No se influirá en intención de voto**

— ¿Usted es el presidente de Alianza Costa Rica?  
— Soy el coordinador de la organización cívica Alianza Costa Rica.

— ¿Cuántos empresarios reúne esta organización?  
— Alianza Costa Rica no solo reúne a empresarios, si no a más de 3.000 ciudadanos de diversas edades, sectores y afiliaciones políticas, unidos por una preocupación común: la defensa de la democracia costarricense.

— ¿Podría dar otros nombres?  
— Sería injusto mencionar solo algunos nombres de personas que estarían de acuerdo en hacerlo, debe entender que represento a un grupo muy diverso.

— ¿Cuándo se constituyó y por iniciativa de quién?  
— Surgió como organización cívica hace tres meses, impulsada por un grupo de ciudadanos comprometidos con el fortalecimiento del modelo democrático, el desarrollo integral y la construcción de un país próspero, educado y esperanzador para todos.

— ¿De qué tipo de organización se trata?  
— Conceptualizamos Alianza Costa Rica como una organización cívica, sin ninguna vinculación política ni militancia específicas en procesos electorales.

— ¿Usted es el autor de una carta y otros documentos que están circulando en el sector empresarial y que van dirigidos a los patrones para que los compartan con los trabajadores y les hagan ver los riesgos de un eventual gobierno del Frente Amplio?  
— Este serridor escribió una carta acompañada de otros documentos que fueron enviados a amigos del sector empresarial con el objetivo de compartirles nuestras ideas a esas personas.

— De acuerdo con la Constitución Política, en su artículo 26, todos los costarricenses tenemos la obligación y el derecho de educarnos para ejercer un voto informado que asegure las decisiones más correctas por parte de la ciudadanía. Por esa razón, nos comunicamos con el sector empresarial como ciudadanos empapados en nuestros derechos constitucionales, y estamos expresando nuestros sentimientos y preocupaciones al sector empresarial, a nuestras familias y amigos.

— En el marco de la ley nos parece importante impulsar el voto informado y la comprensión de los impactos de las diferentes opciones en esta elección.

— ¿Sabe a cuántas empresas ha llegado el material y si se está compartiendo con trabajadores?  
— La carta iba destinada a empresarios amigos, pero sabemos que ha despertado mucho interés, y al parecer la han distribuido a sus redes de contactos, por eso no tengo idea de cuántas personas la han recibido.

— ¿Conoce usted la legislación (Código de Trabajo y Código Electoral) sobre los patrones y su relación con los empleados en campaña política?  
— Quiero dejar muy claro que los documentos enviados no tienen como objetivo inducir a ningún patrono para que influya de manera alguna sobre la intención de voto de sus trabajadores. Estamos conscientes de los derechos que nos abriga para poder expresar libremente nuestras preocupaciones y, también conocemos los deberes de los patrones. Estamos seguros que ellos actuarán de manera correcta. ■

**ALIANZA COSTA RICA HACE LLAMADO A EMPRESARIOS**

**UCCAEP**

**José María Villalta, del Frente Amplio, alega que "es muy grave" que un grupo de empresarios alerte a sus empleados del supuesto riesgo de un triunfo de su Partido. Aquí, en el debate de Uccaep, en diciembre.**

**ENTIDADES FINANCIERAS LO CRITICAN**

## Villalta propone reformar impuesto sobre la renta

**Manuel Herrera y Alonso Mata B.**  
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Reformar el impuesto sobre la renta para que el sector financiero contribuya más con la sostenibilidad de servicios públicos y las cargas sociales, sería una de las medidas que impulsaría José María Villalta de llegar a ser electo presidente. Así lo dijo ayer el candidato del partido Frente Amplio en el programa *Café Política* de canal 7.

"Por muchos años (el sector financiero) se benefició con los fondos de la AID (Agencia Internacional para el Desarrollo), con lo que el Estado terminó subsidiando el desarrollo del sector financiero privado y lo terminamos pagando los costarricenses", afirmó el aspirante presidencial, quien aclaró que no pretende gravar a ese sector con nuevos impuestos, sino que aplicaría reformas para que aporte según su capacidad.

La propuesta generó malestar entre las organizaciones financieras del país.

El asesor legal de la Cámara de Bancos e Instituciones Financieras, Luis Ortiz, dijo, al ser consultado por *La Nación*, que actualmente el sector bancario contribuye con la Comisión Nacional de Emergencias, el Infocoop, el Régimen de Invalidez... "Imponerle mayores cargas de las que ya tiene sería no solo confiscatorio, sino que incluso podría poner en peligro la estabilidad de los bancos".

En el mismo tono, Gilberto Serrano, presidente de la Asociación Bancaria Costarricense (ABC), expresó que la propuesta de Villalta desincentiva la producción.

**Zonas francas.** Villalta sostuvo ayer una reunión con la Asociación de Empresas de Zonas Francas (Azofras), como parte de una serie de encuentros que dicho grupo ha sostenido con varios candidatos.

En la cita, el frenteamplista se comprometió a respetar al régimen de zonas francas. "Es falso lo que

andan diciendo de que vamos a afectar a los call centers o a la inversión extranjera, en nuestro plan de Gobierno no se habla de imponer zonas francas", detalló al ser consultado por este medio.

Pese a ello, Azofras manifestó tener dudas de su postura. "Cuando un sabor de incertidumbre cuando se refirió a que haría cambios al régimen de zonas francas a partir del 2016, para incentivar emprendimientos, y áreas de menor desarrollo... quedó debiendo explicaciones en cuanto a cuáles cambios y cómo implementarlos", señaló la Asociación en un comunicado. ■

Source: La Nación, 13.01.2014

## 6.5 Ownership Strategies

Costa Rica is well-known for its high standards of freedom of expression, ranked as a “free country” with a score of 91 out of 100 by Freedom House (2015). To some extent, Costa Rican media and journalists had been able to enjoy a privilege situation that allowed them to be critical of political and economic spheres. Nevertheless, that was a problem for Costa Rican elites. For them, media coverage was irresponsible and played positively in Jose María Villalta’s favor. In this regard, when political strategies were not enough to satisfy elites’ interest, they decided to force the grip of media owners to veto positive information about FA.

### 6.5.1 Censoring

For elites, media owners have lost grip of their companies as a result of an excessive freedom of press among journalists (*libertinaje periodístico*). As noted by two elites interviewed, the historical separation among business management and editorial control in Costa Rican media led to, what these elites considered, a dangerous situation in which journalists were not fulfilling media’s “values and interests”. This situation headed to the hesitancy of some journalist to follow elites’ pressures. In order to tackle this problem, elites exercised direct pressure over media owners to censor or restrict media content that could be beneficial for the electoral aspirations of FA. Nevertheless, this was not an easy task, it was a minefield, as pointed out by an elite interviewed:

La situación era crítica, porque si se nos acusaba de manipular los medios de comunicación, se nos acusaba de intimidarlos... por ello todo tenía que realizarse por medio de negociaciones, a puro convencimiento (Businessman nine, 2017)

In Costa Rica, media outlets have delegated the control over information production to editors in chief, loosening their grip. As a consequence, ownership strategies were conducted through more informal actions (private reprimands, theme selection, headlining), but also through suppressing news. These informal actions were strategically used by editors in chief to *leverage* information and to promote a “scissors-in-the-head” effect or self-censorship among journalists (Stetka, 2012). Through censorship, the media reduced, or augmented salience of

specific reports based on the convenience to veto positive information about FA. This is well explained by a journalist:

hubo un día en que hubo una crónica de un seguimiento a José María Villalta, que lo hizo una compañera y ella llegó contando de cómo la gente se estaba volviendo un poco loquita con Villalta, loquita en el buen sentido, emocionada y que llegaba y que tal y que una foto y el selfie (...) y que en los mercados no lo dejaban (...) y ella lo conto así y eso no se publicó, no se quería demostrar que había un entusiasmo popular genuino, más allá de los círculos de sindicatos, los círculos de la universidad (...) (Journalist one, 2015)

Nevertheless, these unspoken actions were not enough. Elites and media owners went on suppressing news that could be beneficial to FA. That was the case of a journalist project called *No Voto a Ciegas* of La Nación.

The awarded *Equipo de Investigación* in La Nación collected during eight months prior to the elections a bulk of data about the all candidates running to Congress and the executive. The data included among others: lawsuits, sanctions, records as Congressmen, state sensitive public information that private business and business candidates have with the State, as well as personal bios as accounted by interviewees with access to the platform (Journalists five and eight). The main objective was to let the voters know the background of every candidate to be elected in 2014. With a web platform and an app, people would have access to all records and information, as well as to compare political parties and candidates according to their electoral district. A great civic and journalistic project supported by the board of directors and editors in chief of La Nación during at least 8 months before elections.

However, in electoral contexts where elites feel threatened, good ideas are not always the best ones. According to interviewees with knowledge about the project, the final comparison results indicated that parties with less legal records and problems were, in first place, FA, in second place PAC, and so on, PLN, PUSC and ML. Those comparisons made FA a more reliable party for Costa Rican voters. With this in mind, and just weeks before elections, the platform was launched. But the platform was modified to satisfy the interest of media owners as accounted by a journalist (Journalist 8). The platform suffered also strategic cuts of

information, for example, the possibility to compare among political parties through different graphs was eliminated. None of the journalists who prepared the info of *No Voto a Ciegas* signed any published report. A couple of weeks later, the leading journalist of *Equipo de Investigación* wrote an op-ed, in which she stated that the spaces to make independent journalism in *La Nación* had been reduced and limited. She resigned immediately afterwards, and with her, a couple of weeks later, the rest of *Equipo de Investigación*.

This capacity of elites to act as a block which included family members, well-known businesspeople and advertisers facilitated a channel to operate ownership strategies over media, even though, there were journalists that do not agree with the capture. This was also possible because at the top of the upper-circles, elites and media owners shared concerns about the risk of electing a left-leaning political party.

## **6.6 Economic Strategies**

Electoral campaigns are crucial for the media. They bring significant money-flows in a short period of time from publicity. These money-flows in a context where there is a limited number of advertisers increased the chances of capture the media. Aware of these situation, Costa Rican elites seek to place money on political parties that supported their campaign (see also chapter three). They supported their publicity campaigns on the media and used the influence of large advertisers to pressure on media owners.

### **6.6.1 Campaign Finance**

Elites agreed with PLN and ML, parties that shared their political and ideological positions, to have an “exchange of support” to stop the common threat that FA represented. In this exchange these political parties received money to invest mainly in the media, and in exchange, these politicians were asked to “denounce FA”, as the “common enemy of our democratic system”, as pointed out by an interviewee (Businessman two, 2015). Data from the Electoral Court shows that elites donated private money mainly to two political parties, PLN (US\$1.3 million) and ML (US\$300.000), the two political parties who also invested more money in the media during the campaign, the PLN with US\$2.3 million and ML with US\$ 1.8 million respectively.

Also, data about party expenditures on advertising shows that political parties focused their investments in four particular media holdings. Six out of every ten dollars were spent on four media holdings: Repretel (TV, web and radio), Teletica (TV, web and paid-tv), Grupo Nación (press, web and radio) and Grupo Extra (press, web radio and TV) (see table 13). Three out of these four companies (Repretel, Teletica and Grupo Nación) were central companies on elites' capture strategies due four main reasons. First, these three companies are the ones who concentrate market shares and audiences. Second, there are business ties among elites and these media owners in sectors such as tourism, real estate, industry, energy. This is the case of Grupo Nación especially (see chapter five). Third, media owners of these three companies shared with elites a common familiar and political background. Fourth, these were the media that, according to elites' interviewees, better understood the risks they were facing with the political popularity of FA. In this sense, data suggest that the expenditure of political parties in the media tend to favor companies where elites have more ties -familiar, business, political ones. The above prove the role of interlocking networks in the production of the information as I discussed in chapter five.

However, this was not the case of Grupo Extra. Grupo Extra was founded by non-elite journalist at the end of the seventies, and it is currently run by his daughter, Iary Gómez. Unlike the other Costa Rican media owners, Gómez is a businesswoman (first difference) with a middle-class background, who pursued a modest education, drives her own car and is not a prominent figure among upper rich circles. The business model of Grupo Extra is not based on advertisements, but *on ventas al pregón* (daily sales). The Grupo Extra is a media group that has not invested in any other economic sector. Due to his familial control over the company the ties with elites and political parties has been reduced. All of these characteristics reduced elites' access, political similarities and incentives to capture Grupo Extra. When the elites were asked about their relations with Grupo Extra, they expressed that they found differences in the way La Extra wanted to press their campaign. According to interviewees, Grupo Extra wanted to expose the people behind Alianza Costa Rica and confronted them with FA. This was something elites tried to avoid in order not to expose elites' campaign as a "something of the rich against the people's candidate", as recalled by interviewees. To some extent, the differences among elites and Grupo Extra confirms the idea that the media networks are indeed mechanisms that can or cannot facilitate media capture.

**Table 13. Media income paid by political parties  
during electoral campaign in Costa Rica 2014\* (US\$)**

<b>Media Holding</b>	<b>Press</b>	<b>Web</b>	<b>TV</b>	<b>Radio</b>	<b>Total</b>	<b>% of total of expenditures on media</b>
REPRETEL	-	8,068.20	1,903,987.22	179,172.72	2,091,228.14	30
LA EXTRA	202,173	-	184,965	3,439	390,577	7
TELETICA	-	-	1,946,176	-	1,946,176	28
GRUPO NACIÓN	297,714	7,498		66,446	371,658	5

Source: Data from Electoral Court. Own elaboration.

\*Amounts in US dollars. Calculated 500 colones = US\$1 dolar.

## 6.6.2 Advertisers Influence

Alianza Costa Rica was a group where largest media private advertisers overlap with largest advertisers from supermarkets to cars and real estate companies. This economic influence was strategically used to pressure the media towards elites' direction. According to interviewees, in a short period of time they organized meetings with every single media outlet. This reflected their capacity to access media owners. In each meeting, elites organized strategically a group of spokespeople who to influence on media owners, based on their advertising quota. As stated by an-elite:

“Con qué delegación se le puede presentar uno a equis persona, (a René Picado<sup>29</sup>). Vamos a escoger a este, este y este, **que me conocen, que tienen influencia y que por otra parte, que pauta**. Este es el guión, porque son 5 personas que mueven opinión, que mueven pauta, que mueven esto y el otro, ta, ta, ta... No le vamos a decir, mira René no queremos que pongás la bandera de equis partido, pero puta por favor bájame el volumen”. (Businessman nine, 2017, highlighted FRR)

The meetings were used to show media which interests were under threat, and whose side the media should pick. They also allowed elites to portray themselves as a unified group with a common agenda, reflecting similar political interests and concerns. They showed media owners that they would act collectively to any threat to their interests, including pulling their money out of the media. In countries where elites are in one way or another tied to each other, elites' pressure was not just a matter of threatening the media's economic dependence. But also represented a situation in which their privileged position in the upper-circles was under threat too. The media were pressured by advertisers, but also, by friends, family, and business partners.

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<sup>29</sup> Owner of TELETICA, most popular TV Costa Rican broadcaster.

## 6.7 Conclusions

In Costa Rica, electoral studies show that since mid-December 2013 positive electoral preferences towards the FA and its candidate started to decline. The downfall coincided with the time when elites started capturing the media and with it, the increase in negative reports on FA. For instance, Alfaro-Redondo & Gómez-Campo (2014b) found out in a panel study that at the beginning of the electoral campaign, FA had the highest electoral support base (*base de apoyo electoral*) with around 25%, followed by PLN with 22%, PAC 7% and ML 4%. Nevertheless, after December 2013 the political support received by FA was radically reduced in comparison with other political parties. This is also complemented with information they provided regarding the political support for candidates. They show that the support that Jose María Villalta gained between October to December (4.38%), when the coverage about FA was mainly neutral, declined in January (-4.1) and before the elections (-4.35) when political coverage was predominantly negative. At the end, in the first round Frente Amplio was third with 17.4% of votes, PLN second with 22.2% and PAC, first with 30.6%.

Elites did not face any kind of competition, they coordinated the capture of the media. With limited time, less than 8 weeks before elections, they took advantage of their networks and their strong capacity to organize and engaged in a common front to defeat FA. Despite the sectoral differences among elites or even the institutional constraints imposed, they agreed on the risks of a common threat, “*los comunistas*” and the need to engage it politically. Elites formed an informal association outside of political parties or business associations. They used the networks that tied them with media owners to capture the media. They shared the fear of a leftist government threatening not just private property but also freedom of press.

The Costa Rican case shows that it was more strategic for elites to focus the capture on particular media groups. These media groups were chosen based on business, personal, political or advertisement ties among elites and media owners. As I showed in chapter five, it was the media companies embedded in powerful business communities such as the case of Grupo Nación. The capture of Grupo Nación gave the Costa Rican elites a major leverage and salience on the newspapers with the highest level of readership, resources and with a privileged position in the elite’s networks. This was advantageous for elites. The communist frames and elites’

concerns were echoed by less resourced media companies, who replicated the information produced by Grupo Nación.

Elites' cohesion and networks with media owners explained why countries such Costa Rica had experienced a type of coordinated media capture. The interlocking nature of these elites had allowed them to reach a common consensus about country's development and barriers towards their particular interest. When threatened, elites and the media have agreed on the mobilization of capital and media power to defend the status quo. The concentration of capital and media power in few people had reduce the possibilities of other actors to dispute elites and the media' interest. In addition, since media owners and elites share a common interest that not necessarily is shared by most people; media capture in hands of a few jeopardizes democracy. It concentrates definitional power in hands of those with access to capture the media (Corneo, 2006; Freedman, 2014b)

# 7 Disputing the Capture: The Strategies of Elites and Counter-Elites to Capture the Media in El Salvador

“...la pretensión de la izquierda en El Salvador de tener sus propios medios o de crear un nuevo polo mediático que introduzca competencia y una mirada diferente sobre lo que ocurre en nuestro país y en el mundo entero no sólo no es una idea descabellada que atente contra la democracia, sino que, lejos de ello, es un proyecto necesario e indispensable para el fortalecimiento democrático.”

Mauricio Funes,  
First leftist president of El Salvador (2009-2014)

“(...) nosotros tuvimos muchísimo éxito en cobertura de los medios tradicionales en el sentido de que todos los días teníamos algo, es decir que noticia nuestra va a salir mañana, entonces teníamos concentraciones, teníamos mensajes, teníamos actividades y ahí sí teníamos una buena cobertura de esos medios tradicionales”  
ARENA’s top politician

## 7.1 Introduction

At the end of November 2013 during an extensive TV interview president Mauricio Funes of El Salvador leaked documents that revealed that former president of El Salvador and ARENA’s chief of campaign -Francisco Flores- had diverted a Taiwanese donation of 15 million dollars to his personal bank accounts. The 15 million dollars were supposed to relieve the impacts of 2001 Salvadorian earthquake. The scandal was pressed in the TV show with the largest audience in El Salvador “*Debate con Nacho*”<sup>30</sup>. However, this corruption scandal was not the only one prompted by Funes in media before presidential elections 2014. In fact, long before

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<sup>30</sup> Debate con Nacho is a TV show hosted by Narciso Castillo. According to an investigation carried out by the public prosecutor in El Salvador, Castillo would have received money during Antonio Saca and Mauricio Funes administrations in an exchange of positive media coverage. See Lemus & Martínez, 2018.

November 2013, Funes had sought to capture the media to hurt the electoral support of ARENA.

This attempt of capture by a leftist president was unprecedented in a country where the media have been particularly criticized for being highly concentrated, its staunch defense of elites political and economic interest, censoring criticism, reproducing elites' discourse and for favoring an electoral authoritarianism (Becerra et al., 2009a; Guzmán, 2009; Pérez & Carballo, 2013; Rockwell & Janus, 2003; Wolf, 2009). Historically, Salvadoran elites have benefited from their personal, economic and ideological ties with media owners to produce consent about their political and economic project as commented in Chapter four (Pérez & Carballo, 2013; Rockwell & Janus, 2003; Wolf, 2009). Nevertheless, some of these pacts changed when Funes was elected president of El Salvador in 2009. In control of government resources and institutions a new group of actors, defined in here as counter-elites, took advantage of their privileged positions in Salvadorian society and tried to change the relations of power that have benefited elites. In this path to change El Salvador, counter-elites knew that they would require control over the government through electoral victories. Facing presidential elections, counter-elites sought to capture the media. Counter-elites organized, produced and disseminated the frame "*los corruptos*", founded media companies, restricted negative reports about the government performance and increased governmental propaganda.

Nonetheless, counter-elites were not alone in their pursuit to capture the media. In fact, there was a dispute among two fractions. While counter-elites were trying to keep control over the government, elites were trying to take it back. Elites were trying to restore the oligarchy's dominant position they hold during many years through electoral politics and a firm grip over the media (Rockwell & Janus, 2003; Segovia, 2002; Wolf, 2009). In these regards, elites tried to gain influence producing and censoring information and publicizing a frame about the possible threat FMLN represented to the country regarding politic and economic ties with Cuba, Venezuela and FARC-EP (Colombia).

This chapter seeks to explain how elites and counter-elites disputed to capture the media during 2014 presidential elections. It is shown that the dispute to capture the media reduced the capacity of elites to influence, despite of their economic muscle. In fact, counter-elites were able to gain public opinion thanks to the capture of main TV broadcaster that has been historically associated with elites (TCS), the different media companies they built and their

indisputable capacity to bribe journalists and media owners. The above allowed counter-elites to win public debate before elections, in which they framed ARENA, elites' party, as a group of corrupt politicians.

This chapter continues as follows. In the first part it is discussed who the elites and counter-elites were, as well, as their motivation to capture the media. In the second part the different political, economic and ownership strategies followed by counter-elites and elites are comparatively described and analyzed.

## **7.2 Elites and Counter-Elites in El Salvador**

Elections 2014 took place in a particular context where two groups were facing crucial challenges. On the one hand, elites who encountered the possibility of losing, for the second time, their privilege access to the State. On the other hand, counter-elites who were fighting to maintain the continuity of their political project. The elites got organized in an informal association called G20 and the counter-elites organized themselves around a center-left alliance led by president Mauricio Funes (left) and former president Antonio Saca (center-right).

### **7.2.1 Elites: G20**

In May 2013 the wealthiest person in El Salvador, Ricardo Poma, organized a meeting<sup>31</sup> to analyze the critical situation of the elite's political party, ARENA. Norman Quijano, current mayor of the capital San Salvador and ARENA's presidential candidate, was facing a decline in his popularity. His approval ratings fell from 64% in August 2012 to 34% in November 2012 (Labrador, 2013). The meeting on Francisco Callejas' house, largest Salvadorian retail mogul, was intended to redirect ARENA's presidential campaign. In this meeting G20 defined how much money they would give (US\$ 20 million) and how the money may be used during the campaign. They also defined that former president Francisco Flores should lead the party's campaign (Publicist one, 2015).

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<sup>31</sup> A year before elections these meetings were quite common as recalled by an elite interviewed.

For Salvadorian elites the 2014 presidential elections implied a threat they have overcome for many years: the possibility of the election of a former guerrilla commander. In the perspective of Salvadoran elites, a government led by a former guerrilla commander would involve a more radical version of FMLN. For elites it was the FMLN with historical relations with FARC-EP of Colombia and with the leftists' governments of Venezuela and Cuba. It was the threat of the "narco-castro-chavistas". Most importantly, it was also a chance of losing for five more years the direct access and influence over the government.

G20 is an informal association among Salvadorian tycoons. The majority of them are part of a modernized generation of businesspeople who have led largest family companies since mid-eighties (Segovia, 2002). Also, they are, as I commented in chapter three, a part of a generation of business people associated with the foundation and political development of ARENA in the 1980s (Koivumaeki, 2010), the peace agreements in the 1990s (Rettberg, 2006), the development of regressive tax system (A. Schneider, 2012) and the transnationalization of Salvadorian economy (Bull, 2013; Segovia, 2005). Ideologically, the threat of a leftist guerrilla during the eighties contributed to nurture a radical anticommunist sentiment and an open support for neoliberal policies (Beard, 2001).

The common interests among G20 has provided Salvadorian tycoons with a strong political muscle to pressure ARENA. For instance, G20 has appointed ARENA's party directors, congress and presidential candidates and decided ARENA's electoral founding (Politician one, 2015). The G20 includes prominent elites such as Tomás Regalado Dueñas (Compañía Azucarera Salvadoreña), Alejandro Dueñas (Grupo Dueñas), Ricardo Sagrera (Grupo Hilasal), Roberto Kriete (Avianca-TACA), Ricardo Poma (Grupo Poma), Jorge Zablah (Philip Morris), Juan Federico Salaverría (Publicidad Commercial), Francisco Calleja and Carlos Calleja (Grupo Calleja), Ricardo Simán (Grupo Simán), Raúl Álvarez Belismelis (Coex), Carlos Enrique Araujo (Banco Azul), Saúl Suster, and Roberto Murray Meza (Grupo Agrisal) (Labrador, 2013). G20 also included media owners such as Enrique Altamirano (El Diario de Hoy) and Juan Carlos Eserski (TCS) (Labrador, 2013). Taking into account their capital, some of these elites were included by president Funes in the National Growth Council to promote, mobilize and secure private investments (Bull et al., 2014).

For G20, this was the first electoral campaign in which they were not in control of the government and its resources. Since the mid-eighties, elites associated with G20 have been in

control of Salvadorian institutions without dispute as I commented in chapter three. At first with the support of the United States, they organized and mobilized resources. They placed money, but also prepared people, policies and promote a neoliberal project. FUSADES, an associated think tank, has been, as I showed in chapter four, a critical actor providing elites with an economic roadmap, ideological plan, reports and information. G20 also have the expertise of managing the media, specifically, the use of the media to mobilize the “anticommunist” voters against FMLN during the former three presidential campaigns (Guzmán, Peraza, & Rivera, 2006).

But 2014 presidential elections were different for elites concerning three main reasons. First, months before the election Funes started to press several corruption scandals that impacted the honorability and electoral support of ARENA. This has to be stopped. Second, due to the electoral presence of GANA, elites needed the media to portray ARENA as the unique center-right alternative to oppose FMLN. Third, elites urged the media to counter attack corruption scandals. In doing so, they needed to reproduce a frame that connected Sánchez Cerén, the presidential candidate of FMLN, with human rights violations during the civil war, with FARC-EP, Hugo Chávez and Fidel Castro (see figure 10).

Figure 10: Photo of FMLN presidential candidate, Salvador Sánchez, with the guerrilla commanders of FARC-EP

10 // NACIONAL  
**ELECCIONES EDH 2014**  
 www.elsabador.com • Miércoles, 18 de diciembre de 2013 • El Diario de Hoy

### Dime con quién andas y te diré quién eres...



**Salvador Sánchez Cerén con sus amigos:  
la alta dirigencia de las FARC,  
el grupo narcoterrorista colombiano.**

La fotografía difundida por ARENA muestra a Sánchez Cerén con los jefes de la narcoguerrilla de las FARC.

**PRIMERA**

### ARENA PRESENTA FOTOGRAFÍA DE SALVADOR SÁNCHEZ CERÉN CON CABECILLAS DE LAS FARC

El lunes el vicepresidente de Ideología de ARENA, Ernesto Murysbondt, tras presentar la foto, pidió al Fiscal General de la República, Luis Martínez, iniciar las investigaciones a partir de la noticia publicada por el periódico español ABC, en la que se vincula al FMLN y al presidente de Venezuela, Nicolás Maduro, con una operación de narcotráfico en la región de Apure, en la cual opera la narcoguerrilla.



Ernesto Murysbondt presenta a los medios de comunicación la foto en que el candidato Sánchez Cerén aparece con las FARC.

## Sánchez Cerén evade explicar nexos con narcoguerrilla

● El candidato dijo que **no respondería a preguntas relacionadas con la foto en la que aparece con cabecillas de las FARC**

**Daniel Choto**  
político@elsabador.com

Salvador Sánchez Cerén, candidato presidencial por el partido FMLN, evadió las explicaciones sobre las razones por las que aparece en una fotografía junto a cabecillas de las Fuerzas Armadas Revolucionarias de Colombia (FARC), considerada la mayor narcoguerrilla del mundo.

Al ser cuestionado sobre ello por periodistas, Sánchez Cerén desvió su respuesta y dijo que continúa con mensajes de miedo como lo ha hecho en el pasado.

El aspirante presidencial a la presidencia también dijo que "ha contratado un asesor internacional y lo que les ha entregado es un legado de fotos, y quienes que uno está optando sobre las fotos".

Sánchez Cerén respaldó su evasión en que en la campaña pasada ARENA también mostró una estrategia basada en difundir temas y miedo a los votantes, pero que los resultados demuestran que la gente ya no se cree estas mentiras.

"Yo no te voy a explicar sobre la fotografía, porque nuestra campaña es una campaña limpia y no queremos entrar

**"No te voy a opinar sobre la fotografía porque no queremos entrar en una campaña de miedo y de temor"**

**SALVADOR SÁNCHEZ CERÉN**  
Candidato del FMLN

**"Si la guerrilla (del FMLN) tenía vínculos con todas las organizaciones guerrilleras de América Latina, incluyendo las FARC"**

**MAURICIO FUNES**  
Presidente de la República

en ese tipo de campañas de miedo y de temor", insistió.

La semana pasada el periódico español ABC publicó una investigación que implica a personal del presidente de Venezuela, Nicolás Maduro, y el FMLN en una supuesta operación para facilitar el soborno de un narcotraficante sobre la región de Apure, en la que operan las FARC, en la que operan las FARC, en 2011.

Sin embargo en la nota el ABC menciona directamente a un colaborador de José Luis Merino, alto dirigente del FMLN, como el que sirvió de mediador en nombre de Merino con el despacho del entonces canciller Maduro. Merino ha negado lo dicho por el periódico.

Después, el candidato presidencial de ARENA, Norman Quijano, reaccionaba y adelantaba que pediría a su vocero, Ernesto Murysbondt, que presentara fotos en las que también apareciera el aspirante a la presidencia por el partido FMLN, lo cual se concretó el lunes pasado.

**Funes y FMLN aceptan**

Mientras tanto, el presidente Mauricio Funes, al ser preguntado sobre el caso, aceptó que el FMLN en el pasado sí estuvo ligado a los movimientos guerrilleros de todo el mundo, entre ellos las FARC.

"En el pasado el FMLN estuvo vinculado a todas las guerrillas del mundo. Yo me imagino que esa es una foto del pasado, no han visto a Salvador Sánchez Cerén ahí en la foto que ayer Netio Murysbondt señaló. Por lo menos es una foto, yo diría de unos 20 años atrás, entonces me va a servir de prueba para probar el vínculo con la FARC si la guerrilla tenía vínculos con todas las organizaciones guerrilleras de América Latina, con todas, incluyendo la FARC, eso no significa que por eso el FMLN se dedica a la narcotráfico", respondió.

Mientras tanto, el vocero del FMLN, Roberto Lorenzana, confirmó a TCS que tuviese relaciones con la narcoguerrilla, pero que ahora están "congeladas".

Lorenzana explicó que "no tenemos relaciones simplemente. Antes ellos fueron parte del Foto de San Pablo, desde la fundación, y en aquel entonces sí, efectivamente, nosotros tuvimos comunicación con todos los que participaron en ese cuerpo político".

Las relaciones con las FARC "están congeladas, pero siempre mantenemos el diálogo que se busca una salida pacífica al conflicto colombiano", explicó.

Source: El Diario de Hoy, 18.12.2013

## 7.2.2 Counter-Elites: Funes and Strategic Partners

Once elected in 2009, Funes was aware that to pursue a process of structural and institutional change, as he promised in his campaign, a necessary step was to consolidate a coalition with different political and economic actors. These actors included his advisors -the group “Amigos de Mauricio”<sup>32</sup>, the FMLN and ALBA Petróleos, the army<sup>33</sup>, some Salvadorian Palestinian descents, and Antonio Saca and his party GANA. This coalition among different actors, in here known as counter-elites, granted them with different strategic resources.

With the incorporation of Saca, counter-elites added the support of the largest radio holding in El Salvador, Grupo Samix. The pact also secured political support from GANA in Congress and opened access to media mogul Boris Eserski, owner of the largest TV broadcasting company (TCS). Eserski was a supporter of Saca before and during his presidency (2004-2009). Saca and Funes share some similarities that, to some extent worked for keeping counter-elites united. Both were social communicators. Saca, a radio presenter, turned into Radio mogul in the 90's and Mauricio Funes, one of the most critical TV anchor voices since mid-eighties. Apart from shared interest in the media, Funes and Saca -as opposed to previous presidents Alfredo Cristiani, Armando Calderón Sol and Francisco Flores- were not born or raised in traditional elitist families. Saca, was a Palestinian Salvadorian descent. Also despite being elected on elites' political platform –ARENA, he followed to some extent his own political path: representing national based elites and advancing in some progressive tax reforms such as taxing alcohol<sup>34</sup> to provide essential health services (A. Schneider, 2012). Funes, on the other hand, became the first left-wing president elected by means of elites opposing political party: FMLN. Funes also promoted significant fiscal reforms that taxed elites (Menkos, 2012).

As suggested from the above, counter-elites combined actors ideologically different from the left, center and center-right of Salvadorian political spectrum. Some actors have developed a

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<sup>32</sup> This group included businessmen, right-wing politicians, academicians, and army generals. The list included Miguel Menéndez, Gerardo and Francisco Cáceres, Luis Lagos, Franzi “Hato” Hasbún, Luis Menéndez, and General David Munguía Payés.

<sup>33</sup> Even though peace agreements modified and restricted the role of the military in politics, the current crisis of gangs' violence has turned Salvadoran army again in a key political actor. The alliance between Funes and General and Defense Minister David Mungía Payés was crucial in these regards. To see further impacts of political elites and army alliances in El Salvador: Martínez-Vallejo, 2017.

<sup>34</sup> At that time, alcohol industry was in hand of two elite families Regalado Dueñas and Murray Mesa. These two families have also been main ARENA's supporters.

political career first in the guerrilla. Others, like Saca came from ARENA, and others have developed a career in civil society or the academic organizations. With the exception of three to four businesspeople, the majority of counter-elites belong to middle-upper classes in El Salvador. Despite the ideological differences among them, they shared the idea that to produce significant changes in El Salvador it was necessary to curb the power of elites. For counter-elites, the unequal relations of power have exclusively benefited elites in El Salvador. In these regards, a primary goal was to maintain government control through electoral victories (Secretaría Técnica de la Presidencia, 2013).

In term of resources, these counter-elites offered a variety of political and economic resources. For instance, ALBA Petróleos provided counter-elites with millions of dollars that came as donations or concessional loans from Venezuela. These resources were used to pay publicity or to subsidize social policies. Also, the control over the government allowed Funes to mobilize money to secure pacts with media owners.

The media, for Funes and one of his principal advisors and media expert, Franzi Hato Hasbún, was a central scenario of dispute to change relations of power and to win elections. They were also aware, according to a Funes' advisor, that they were going to find a portion of businesspeople, including the media, highly radicalized against their center-left political project. For example, El Diario de Hoy, and another portion of media owner open to negotiate public advertising in an exchange of positive media coverage, such as TCS (Politician two, 2015). In this regard, counter-elites sought from the beginning of Funes' administration to capture the media to promote government policies and to reduce political confrontation, negative coverage and maintain social support (Politician two, 2015).

### **7.3 The Strategies of Elites to Capture the Media**

In El Salvador, it has been long discussed the role of the media in favor of elites interest (Pérez & Carballo, 2013; Rockwell & Janus, 2003; Wade, 2016; Wolf, 2009). Class and ideological similarities among media owners and elites, the strict control of media owners over information, media owners' advocacy to participate in politics and a highly concentrated media market have been crucial factors that have granted media protection to the interest of elites.

Nonetheless, the above changed due to the existence of other actors willing to dispute and capture the media. Sometimes using the same strategies, sometimes differing.

## **7.4 Political Strategies**

In the disputes for capturing the media, elites and counter-elites battled to secure their access to and to influence what was reported in the media. On the one hand, elites took advantage of their lobbying influence and capacity to produce information and knowledge. On the other, counter-elites sought to modify what was reported regarding public control over TV and radio frequencies and contracts.

### **7.4.1 Legal Favoritism**

Media owners are highly dependent on governments. TV and radio owners still depend on government control over TV and radio frequencies and in general, media outlets depend on the different contracts with the government. However due to the political costs, governments are quite reluctant to make changes over the media frequency control or the media contracts (Kitzberger, 2016). Nevertheless, what counter-elites found possible in order to capture the media was to modify the control of old frequencies and blackmail media owners with government contracts.

The biggest media moguls, Angel González and Boris Eserski, signed a gentlemen's agreement<sup>35</sup> about Salvadorian TV market in the 1980s. The pact blocked González to enter into Salvadorian market. El Salvador was the only country in Central America where González did not presence. As an exchange Eserski would buy to Alba Vision (González's company) the entire content produced by his companies (soap operas, football matches, etc.). This gentlemen's agreement was broken in 2011. According to interviewees the pact was shattered because FMLN and Funes offered González a better deal. The deal included frequencies and public advertisement in an exchange of a positive coverage about the government. In 2011 a González's relative, Juan Carlos González Sáenz, bought three radio stations (YSCE 680 AM;

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<sup>35</sup> According to a businessman on media and publicity since the 80's; there was an agreement among Central American TV moguls to limit TV business investments in the region. "This gentlemen pact" prohibited a TV mogul from one country to invest in another one. The pact helped Central American TV moguls to open an office in Miami where they jointly negotiated together to buy the US and foreign contents (Businessman one, 2015).

YSOA 94.9 FM, YSSR 92.5 FM) and a TV Channel (Canal 37-UHF) for US\$3.8 million (Romero, 2014). However, in order to make the TV frequency more lucrative some legal changes and political appointments had to be made.

In 2014 the new president of *Superintendencia General de Electricidad y Telecomunicaciones* (SIGET), the regulatory body for broadcast media, was appointed: Ástor Escalante, former Deputy prosecutor, and an ally of Antonio Saca. Once in office Escalante issued multiple resolutions that changed the map of frequencies in El Salvador allowing Ángel González to operate in frequencies with better quality and national reception (Valencia & Guzmán, 2014)<sup>36</sup>. Since then, with two TV stations and radio, González formed a new media conglomerate called Red Salvadoreña de Medios.

In addition to the above, counter-elites in control of the government blackmailed media owners with canceling public contracts. That was the case of El Mundo newspaper. El Mundo is a newspaper that belongs to business holding *Grupo Borja* of Borja Nathan family. Borja Nathan family is an old elite with diversified investments in multiple sectors, such as coffee, energy, real estate, industry, telecommunications and technology. In the technological sector, Grupo Borja owns SERTRACEN, the Salvadorian company in charge of issuing Salvadorian driven licenses and auto plates. According to a businessman interview (Businessman one, 2015), Funes used these contracts with SERTRACEN to put pressure on El Mundo to change from time to time the negative coverage about the government. Through phone calls president Funes threatened to cancel SERTRACEN contracts if they did not change or modify the negative coverage about the government.

#### **7.4.2 Lobbying and Public Relations**

A particularity of Salvadorian elites is that since 1980s they have been successful actors shaping policies, defining a common ideological framework and securing an electoral hegemony (Koivumaeki, 2010; Wolf, 2009). In doing so, Salvadorian elites have been able to develop a lobbying strategy that turned their particular demands in news reports. The internal

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<sup>36</sup> Due to the pressure of Eserki's family and other media owners the change of frequencies was declared unconstitutional. TV Red appealed that decision and TV Red was allowed to continue using channel 11 until a final verdict was reached (Freedom House, 2016).

organization of their demands (G20), the control over central business associations and think tanks, as well as, their installed capacity to produce information and media access granted elites with resources and several legitimized voices. These multiple voices have provided the media with information produced by elites and also sources that for many years allowed them to control public debate.

As I stated before, G20 organized multiple meetings in which they defined and agreed on the threat of having another government lead by FMLN. The meetings were also useful to collect money and defined the strategy to counter-attack the campaign of FMLN. With the advisory of J.J. Rendón, a famous political strategist in Latin America, elites also set the main arguments and targets of the campaign: ALBA Petróleos, corruption, human rights violations during the civil war, crisis and ties with FARC-EP, Venezuela and Cuba. In the meetings some media owners were included according to an interviewee. As he notes:

Si usted me pregunta si hubo digamos una, hubieron (sic) muchas reuniones de empresarios. Pero lo que le quiero decir es que en esas reuniones ya estaban los medios de comunicación, o sea no había que hacer reuniones de empresarios para convencer a los medios de comunicación, muchos medios de comunicación ya estaban también preocupados, estaban siendo partícipes de esas reuniones (Businessman three, 2017).

In addition to these meetings, elites used business associations and think tanks under their control to tailor negative stories and information about FMLN. These were the cases of ANEP, CASALCO, ASI and FUSADES. These institutions organized multiple conferences, published hundreds of critical documents, and issued reports about FMLN's government performance and on the negative economic perspectives of El Salvador under a second FMLN's government. Likewise, representatives of these organizations actively participated in media debates and interviews defending the idea of an urgent political change, as well as, the implications of the crisis in Venezuela for El Salvador. Elites used reports, press releases and interviews to capture the media with their particular views on how to cut the electoral support of FMLN. To illustrate that, in October 2013, Javier Simán<sup>37</sup> president of ASI denounced that ALBA Petróleos was a threat to the industrial sector and medium and small companies. For Simán, ALBA Petróleos has proportionated funds to those who have promoted fear and class

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<sup>37</sup> Javier Simán is a retails and real estate mogul. He was ARENA's presidential candidate. He was defeated by Carlos Callejas, another member of G20 in April 2018.

division with the main goal of maintaining political power (see figure 11). Also, FUSADES, an elite-related think tank, was a common source that provided the media with different reports questioning Funes transparency, insecurity, corruption and the use of public funds to promote FMLN campaign. Figures 11 and 12 illustrate media reporting on ASI and FUSADES campaigns to attack on ALBA Petróleos projects and government.

Figure 11: ASI: Alba uses public funds to political businesses

**Negocios**

El Diario de Hoy  
www.eldiariohoy.com  
Sábado 5 de octubre de 2013

**TASAS INTERÉS**

Nacionales  
Depósitos  
30 días 2.72%  
60 días 2.39%  
90 días 3.29%  
180 días 3.50%  
360 días 3.78%

**BOLSAS DEL MUNDO**

▲ Nueva York +0.51%  
Dow Jones 13,822.60  
▲ Nueva York +0.09%  
Nikkei 1,807.75  
▲ Londres +0.08%  
FTSE 100 6,453.88  
▼ Tokio -0.94%  
Nikkei 14,024.30  
▲ Frankfurt +0.29%  
DAX 8,522.87  
▲ París +0.88%  
CAC-40 4,984.25

**EN NÚMEROS**

**55**

AÑOS DE FUNDACIÓN celebró ayer la Asociación Salvadoreña de Industriales. Fue en 1958 que un grupo de empresarios unió esfuerzos, anticomunistas al Mercado Común Centroamericano.

**ASÍ: Alba utiliza fondos públicos para negocios políticos**

- La gremial cree que las operaciones de Alba Petróleos **amenazan al sector industrial**
- Dijo que **Alba incursionó en rubros económicos** distorsionando el mercado y amenazando a las pymes

**Guadalupe Hernández**  
negocios@eldiariohoy.com

Los negocios que el conglomerado de Alba Petróleos ha desarrollado en los últimos años en nuestro país son considerados por el sector industrial salvadoreño como una amenaza interna.

La empresa que fue fundada en 2006 por algunas alcaldías del FMLN, comenzó con la importación de combustibles y luego abrió estaciones de servicio en todo el país.

Luego incursionó en rubros como alimentos, tiendas de granos básicos, fertilizantes y finanzas, y se encuentra en proceso de abrir operaciones en el sector de medicamentos, energía y aviación (con una aerolínea).

Para Javier Simán, presidente de la Asociación Salvadoreña de Industriales (ASI), el hecho de que Alba Petróleos este invirtiendo en sectores clave de la economía, utilizando fondos públicos y del gobierno de Venezuela, tiene como único propósito un control político, lo cual sin duda, afecta la libre competencia, y por ende distorsiona el mercado.

"Aquellos que por décadas han venido sembrando el odio y la división de clases, que han venido intentando destruir nuestro espíritu empresarial, ahora, con dinero ajeno y con campañas publicitarias millonarias, quieren hacernos creer que son empresarios, pero solo buscan el control de sectores importantes de nuestra economía como vía para el poder político", insistió Simán, durante la inauguración de la IX edición de la Feria Industrial, denominada: 55 años apoyando la industria.

De acuerdo con Simán, algunos empresarios parecen confundidos ante la actual política nacional, ya que defraudados por políticas públicas anteriores o entusiasmados con un afamado cambio, se están prestando para negocios amañados que destruyen la libertad empresarial que el país anhela.

El conglomerado -que enfrenta actualmente un proceso sancionatorio en la Superintendencia de Competencia (SC)- afecta el quehacer de pequeños y medianos empresarios, quienes en forma legal y transparente día a día se esfuerzan por sacar adelante sus negocios, aseguró.

Es en este escenario de amenazas cuando el sector privado debe alertarse y defender los principios de libre competencia y libertad empresarial. "Exhortamos a quienes quieren ser empresarios a que realmente se apeguen a la ley y los valores de libre y justa competencia", expresó.

**Exhortan a candidatos**

La gremial aprovechó la inauguración de la feria para hacer un llamado a los candidatos a la Presidencia de la República para que, independientemente de sus ideologías, se comprometan con el respeto de la institucionalidad, la separación de poderes, la transparencia, la independencia de la Sala de lo Constitucional y el Estado de Derecho.

El llamado se produjo ante el inicio de una campaña política en la que aún no se ven planteamientos concretos para la reactivación de los sectores productivos y el fortalecimiento de la economía, ni proyectos de infraestructura pública o medidas para mejorar la competitividad y productividad del país.

Simán fue claro al afirmar que no existe ningún modelo sostenible de un país, si no es a través de la creación de riqueza por los sectores productivos.

**Javier Simán, presidente de la ASI detalló que los empresarios no pueden comprometer la democracia y la institucionalidad, ni aún a cambio de sus intereses económicos.** FOTO: EDH / I. CRISTINA

CONTINUA EN LA PAGINA 28 >>

Source: El Diario de Hoy, 5 de octubre de 2013



## 7.5 Ownership Strategies

Freedom House (2016) has pointed out that in El Salvador, due to the lack of economic resources media outlets and reporters often exercise self-censorship to avoid offending media owners, editors, and government officials. Elite's firm grip over the media has been the most common characteristic that has allowed them to capture it. Following the above, counter-elites founded new media companies, especially online, in which the agenda was defined by their particular interest. Meanwhile, elites sought to restrict the information that may hurt the electoral support of ARENA.

### 7.5.1 Ownership

As a result of peace agreements signed by Salvadoran government in 1992, the FMLN, recently turned into a political party, obtained six radio frequencies (3 in FM and 3 in AM), and two TV frequencies (Pérez & Carballo, 2013). The two TV frequencies were never used and due to the rupture among different fractions inside FMLN, the majority of radio stations were sold<sup>38</sup>. The above and the limited access to financial resources and technology in El Salvador constrained for almost two decades the voice of FMLN in public debates<sup>39</sup>. That was about to be changed. Funes has been an outspoken advocate of a new *polo de medios* (Funes, 1995) and was also aware that to modify power relations, they needed their own media.

With the control over regulatory institutions and public funds, access to private resources from ALBA Petróleos and favored by a decline in technologies prices, counter-elites started their own media companies, one of them GenteVe. Jorge Hernández<sup>40</sup>, former news anchor of TCS,

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<sup>38</sup> A radio and TV frequencies were sold to a famous Christian church in El Salvador: Iglesia Elim (Pérez & Carballo, 2013).

<sup>39</sup> Historically there has been just one newspaper close to the left: Diario Co Latino.

<sup>40</sup> The media business among Funes and Hernández increased exponentially once Funes left the government. In 2015 Hernández bought for US\$ 800.000 La Página an online media. Journalist reports have suggested that Hernández acted as a front man -testaferro- of Mauricio Funes, the real owner of La Página. In addition to La Página, Hernández started a TV channel (Orbita Tv) and a radio station (Orbita FM) in 2015. Jorge Hernández has been accused of money laundry and has been incarcerated since November 2017. He is accused of monthly receiving US\$ 10.000 receiving from public funds. In February 2016, Mauricio Funes was accused of illicit enrichment. Among the money Funes has been questioned by Salvadorian General Attorney, there is payment of US\$ 121.500 made by Multimedia SA.CV., whose owner is Jorge Hernández.

bought two TV frequencies in open television, one to Jorge Zedán<sup>41</sup> in 2005 and the other in 2009. In 2012 a group of Radio Farabundo Martí founders led by an FMLN leader, Wilfredo Zepeda, bought one of those TV channels to Hernández, Canal 29<sup>42</sup>. The money came from ALBA Petróleos, as a loan, as suggested by an interviewee (Editor two, 2015). It was the origin of the first TV channel controlled by FMLN.

Funes and the FMLN also put special emphasis on launching online websites such as *Transparencia Activa*, an online platform controlled by the presidency and oriented to publicize government achievements. Also, closed-related to FMLN, different civil organizations founded *Voces Diario Digital* in 2009. This project included press and online resources (radio and website). One of its objectives was to be a counterweight of the mainstream media. The media project of Funes included his own TV show. In July 2012, Mauricio Funes started with *Conversando con el Presidente*<sup>43</sup> (see figure 8). The program used a public radio station, Radio Nacional, and it was also broadcasted by 41 radio stations and seven TV channels related to *Asociación de Radios Comunitarias de El Salvador* (ARPAS) and by five stations of Grupo Samix. The main idea was to answer direct questions made by Salvadorian citizens. This objective was accomplished during *Conversando con el Presidente* first year. For instance, according to Peña (2014), from January to June 2013, Funes used most of his time to answer questions from people. But everything changed radically since July 2013, nine months before the elections, when Funes dedicated only around 16 minutes to answer Salvadorian questions and the rest to politically attack, what he calls, the corruption of ARENA. Peña (2014), shows that a month before elections, Funes used between 82 to 100 minutes of his program (120 minutes) to attack ARENA and its politicians. Through his radio programs, Funes made public several denounces related to Taiwan funds or the case of CEL-ENEL<sup>44</sup>. *Conversando con el*

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<sup>41</sup> Jorge Zedán Salvadorian businessmen owner of Canal 12. Zedán was a protector of Mauricio Funes. In 2001, Zedán sold Canal 12 to Ricardo Salinas Pliego, owner of TV Azteca. The Mexican media mogul paid US\$ 7.9 millions for Canal 12. See (Dada et al., 2012)

<sup>42</sup> Journalist reports suggest that because of this Jorge Hernández was separated from TCS (Arauz, 2012).

<sup>43</sup> The idea of this program came from the company Polistepeque. This is a company own by Brazilian publicist Joao Santana. Nicknamed „maker of presidents” for helping in the political campaigns of Lula da Silva and Dilma Rousseff in Brazil, and Hugo Chávez in Venezuela. Santana is now serving 8-year prison sentence for million-dollar payments from bribe money in the sprawling “Lava-Jato” graft investigation. See (“Brazilian says Venezuela’s Maduro made illegal payments in 2012 Chavez campaign,” 2017)

<sup>44</sup> In 2002, the *Comisión Ejecutiva Hidroeléctrica del Río Lempa* (CEL), who ran the Salvadorian Geothermal Company (LaGeo), signed a contract with Italian Company Enel. In the agreement, the Italian company became a strategic partner to explore and to exploit geothermal wells and allowed Italian company to become a majority stockholder of LaGeo. To Funes, but also to Antonio Saca who during his presidency rejected an investment of a US\$100 million of Enel to capitalize its control over LaGeo, the contract signed was prejudicial for Salvadorian state because allowed a transnational company to take control over State resources. The perpetrators for this unfavorable deal were, according to Funes, CEL’s board of directors who were named by ARENA and former

*Presidente* gave Funes an incredible salience on Salvadorian public opinion and debates, especially months before elections 2014. While mainstream media (TCS, El Mundo, La Prensa Gráfica and El Diario de Hoy) were silent on the accusations against Flores for diverting money, Funes was sharing in his programs and in media companies captured by counter-elites classified information that revealed how Flores diverted Taiwan’s donations to his private bank accounts.

**Figure 13: Conversando con el Presidente advertisement**

CAMPO PAGADO

# Conversando con EL PRESIDENTE

Todos los sábados de 11:00 a.m. a 1:00 p.m.

No se pierda el programa de este sábado 8 de marzo en el que el Presidente Mauricio Funes compartirá con la población importantes revelaciones sobre diferentes hechos de corrupción de los gobiernos de ARENA.

**SINTONICELO EN RADIO:**

**En Vivo:**

- Radio Nacional de El Salvador 96.9
- La Chislera 100.9
- Radio Banahero 106.5
- ORU 104.1
- Todo lo red de ARPAS (21 Radios Comunitarias)
- Seas 96.1
- La Sonora 104.5
- La Que Buena 85.9
- Radio Cuacualá 98.5
- Radio Cabaña 90.1, en San Miguel
- Radio Cuya 94.9, en Sonsonate
- Radio Sada Sisco 105.3 en Santa Ana
- Radio Alfa Digital, San Miguel 94.9fm
- Canal 2 en Morazan
- Radio Nueva Generación en Cholutenango
- Radio César King en Jiquilte, Ahuachapán
- Radio Cruzado Camacho en Puerto El Triunfo
- Radio El Sol en Cuscatlan
- El Sol de Morazan, Canal 99 en Caba
- Seas Morazan, 94.9
- TVI Canal 23
- Radio TVI de Televisión Usulutec
- Radio Caba 90.9 Es Usulután (Caba zona norte de San Miguel y Cabañal)
- Radio America en Zapotitlan, La Paz
- Radio de la Universidad de El Salvador, YSRES 650am

**En diferido, a las 12:00 md**

- Radio Funes 104.9

**En diferido, a las 1:00 pm**

- 102.9
- Radio Funes 107.7
- Radio 102.1

**Sinólas locales de Santa Marta y Chaparra en Cabañal**

- A partir del próximo sábado Radio La Guanoquilt, desde Morazan, Conada

**AHORÁ TAMBIÉN EN VIVO POR TELEVISIÓN:**

- Canal 10
- Canal 12
- Canal 19
- TVI Canal 23
- TVS Canal 25 (Santo Amós)
- TELEASA (Sonsonate)
- televisión de Usulután, canales 24, 42 y 95
- Colombiano al Oriente del país
- TV Cuacualá Oriente 67 y Central 67
- El Sol de Morazan Canal 99 y Canal 9 en Morazan
- TVI Canal 23 (San Miguel, lunes de 10 a 11 pm)
- televisión Santiago, Canal 99 (Sanjojo de Morán)

**SEÑAL PILOTO:**

me. lve

Secretaría de Comunicación de Presidencia de la República

Source: El Diario de Hoy, 8.03.2014

president Francisco Flores. Following Funes accusations, CEL’s board and Francisco Flores were accused of graft charges. Among one of the suspects was Jorge Simán, former CEL president and founder of *El Faro*, an independent media (Lemus, 2013).

One of the online media allied to counter-elites was *Diario1.com*. *Diario1.com* was officially launched in September 2013, five months before the elections. It was founded by Adolfo “Fito” Salumé<sup>45</sup>, an agribusiness tycoon. In the political horizon, the main goal of *Diario1* was to support the political aspirations of Salume and the political party founded by him *Democracia Salvadoreña*. *Diario1.com* together with president Funes were the first media that prompted the corruption scandal that involved the chief of campaign of ARENA. Funes and *Diario1.com* were the only ones who had the classified information that demonstrated how former president Flores had diverted US\$15 million in contributions for earthquake victims to his personal accounts (see figure 14).

The ownership of Salvadorian largest radio holding was also fundamental for counter-elites. Grupo Samix is owned by Antonio Saca. Through Grupo Samix, counter-elites could have access to the largest radio broadcaster. On the one hand, Grupo Samix allowed Funes to broadcast weekly his radio programs “*Conversando con el Presidente*”. And on the other hand, the radios were a crucial tool to promote UNIDAD, the political party led by Saca during the elections. According to a businessman close to Saca (Businessman one, 2015), Grupo Samix stations used to press three times more the political ideas of Saca than what they pressed about other parties. For example, weeks before elections, Saca held a “Marathon” on his thirty radios across El Salvador to promote his candidacy. In the pact among Funes and Saca was understood that regarding the popularity of Saca and his center-right wing ideology, GANA/UNIDAD would take votes from ARENA, not FMLN. A significant cast of votes for GANA/UNIDAD would increase FMLN chance to win presidential elections.

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<sup>45</sup> The relations between Salumé and Funes started with Salume’s father, Nicolás Salumé Barake. Salumé’s is among very influential families of Palestinian origins in El Salvador known as “los árabes.” Nicolás Salumé was a very close friend and a financial sponsor of Antonio Saca. Nicolas Salumé Jr. was appointed by Antonio Saca in CEL’s board, a position that he kept under Funes government. The beginning of Funes relation with Nicolás started with a donation of US\$3 million dollars to Funes’ electoral campaign. Also, Salume lent Funes a house in an exclusive area in San Salvador. Nicolás Salume was named by Funes as “designated president”, acting as president of El Salvador between July 31th and August 7th in 2011(Andréu & Peña, 2014).

Figure 14: Funes revealed probes of US\$10 million donated to Taiwán

## POLÍTICA

¿DÓNDE ESTOY? | ACTUALIDAD

Noviembre 29, 2013

### Funes destapa pruebas sobre \$10 millones dados a Flores por Taiwán

Los documentos que prueban el envío de esos \$10 millones a una cuenta secreta en Bahamas fueron elaborados por el Departamento del Tesoro de los Estados Unidos. La oposición quiere investigar el caso en una comisión legislativa. Diario1.com muestra los documentos del Departamento del Tesoro.

D1  
diario1.com  
Redacción

1.1K  
Like

Tweet

G+

43  
Share

Foto D1. Archivo.

Source: Diario1.com

#### 7.5.2 Censorship

The traditional media in El Salvador are in hands of few families with close ties to elites as I showed in chapter three. Historically this fierce ownership control has helped elites to silence negative information that could undermine their interest (Rockwell & Janus, 2003; Wolf, 2009). This is what happened with the corruption scandals that link a number of politicians of ARENA, such as the cases of CEL-ENEL and Taiwan funds. As recalled by a top ARENA's politician "...I can tell you that at some point they did us a favor (*traditional media*), they did

not press anything that could affect us” (Politician six, 2017). For elites and media owners interviewed, the corruption charges against the politicians of ARENA were unfair and politically driven to hurt ARENA’s electoral support. Considering the above, the actions taken by elites was to restrict the publication of information related to those corruption scandals. For example, when in December 2013, Francisco Flores was called to appear in Parliament to declare about the donations from Taiwan, the press decided not covered as recalled by a journalist (Journalist one, 2015). However, when the public and the counter-elites’ media pressure was unbearable, owners of the traditional media decided to support Flores. Also, they tried to reduce the salience of the information about the scandals. To illustrate that see figures 15 and 16. As pointed out by an ARENA’s politician “(...) aunque los medios tradicionales dijeran de alguna manera no decían (...)” (Politician six, 2017).

Media owners were aware that once they informed about the corruption scandals, the campaign of ARENA would be harmed. An ARENA politician remembered, that he was advised by a media owner to separate Francisco Flores of the campaign. As he recalled from his conversation with the media owner “(...) si me permitís darte un consejo aparta a Paco Flores, porque te está haciendo mucho daño (...)” (Politician six, 2017). Press also questioned the impartiality of general attorney and the allegations, and even denounced the influence of president Funes over the case. The framing that the traditional media gave to the stories was the one where the privilege voices were the politicians questioned. For instance, in the cover of *El Diario de Hoy* from December 2013, the headline reads about Flores questioning Funes to prove his accusations (see figure 15). Likewise, in a report from January 2014, *La Prensa Gráfica* granted president Flores with an important coverage to defend himself arguing that there were not investigations against him in El Salvador neither the United States about the funds from Taiwan (see figure 16).

Figure 15: Press cover from EL Diario de Hoy (2.12.2013)



Figure 16: Flores: Neither the General Attorney or United States have a judicial inquiry about the case of Taiwán

WWW.LAPRENSAGRAFICA.COM Miércoles 9 de enero de 2014

Nación : @LPGPolitica



Comparece, Francisco Flores fue requerido por segunda ocasión en una comisión especial del congreso. El año pasado accedió a la comisión que indagó el contrato CEL-Esel.

**AYUDA AÑEJA**  
Flores reveló que Taiwán le hizo una donación, no especificada, cuando era candidato. Servó para la emergencia Michi, dijo.

**DESCONOCIMIENTO**  
El asesor de la República Mario Espinoza también llegó a la comisión especial para de asegurar a diputados: "Nunca tuvo ningún tipo de cooperación no tradicional".

**RELACIÓN DISTANTE**  
El vicepresidente de la República Carlos Quintanilla Górriz, por su parte, dijo que "jamás tuvo conocimiento de este tipo de cooperaciones", al tiempo que recordó la relación distante que mantuvo con Flores.

**LLAMADO URGENTE**  
El presidente Funes ordenó ayer a la embajadora de El Salvador en Taiwán, María de Flores, presentarse en el país a la ley-velidad para recibir instrucciones sobre el rol que en la respuesta a las solicitudes de El Salvador sobre donaciones de ese país.

# Flores: ni Fiscalía ni EUA me investigan por caso Taiwán

AMADHO CARRERA  
carra@laprensagrafica.com

El expresidente de la República Francisco Flores aseguró ayer que ni la Fiscalía General de la República ni el Gobierno de Estados Unidos lo investigan por un supuesto devoró de sus millones que fueron donados por el expresidente de Taiwán Chen Sui-bian entre octubre de 2003 y abril de 2004.

"La fiscalía me ha expresado que ellos no están investigándose en ningún sentido", dijo Flores ante una comisión especial de la Asamblea Legislativa que indaga el presunto devoró de dinero.

Flores, con su afirmación, contradió al fiscal general, Luis Martínez, quien denunció el lunes anterior que los diputados podrían enterarse su "investigación".

El exmandatario también dijo: "Se me ha explicado claramente que no existe ninguna investigación del Departamento del Tesoro de Estados Unidos y del Sistema de Impuestos Internos" de esa nación norteamericana.

Flores aseguró a la comisión especial que no conoce a detalle el documento del Departamento del Tesoro de Estados Unidos que evidencia los presuntos devoró bancario del millonario taiwanés.

"Lo único que he escuchado son las declaraciones de (presidente Mauricio) Funes en los medios que dice que se me investiga, pero al averiguar resulta que no es cierto", refutó el exgobernante.

La embajadora de Estados Unidos, Mari Carmen Aponte, reconoció el mes pasado que se investiga cómo un documento confidencial en poder de una institución del Gobierno estadounidense fue filtrado.

**"RELACIÓN PRIVILEGIADA"**  
Flores, por otra parte, reconoció que durante su mandato gozó de "una relación privilegiada" con el presidente de Taiwán, que le valió que la cooperación que gestionaba para proyectos con propósitos específicos saliera a su nombre.

"Esos fondos vinieron de cheques directos de parte del Gobierno de Taiwán a mi nombre y fueron entregados para este propósito (proyectos)", aseguró.

Flores afirmó que esa "relación privilegiada" que tuvo con Chen Sui-bian se derivaba del apoyo que El Salvador daba a Taiwán en Naciones Unidas, en su intención de ser una nación independiente y soberana. "Que la cooperación viniera en un cheque personal a nombre del jefe de Estado era una práctica común que duró por décadas", reveló.

El exgobernante explicó que la cooperación que recibió de Taiwán a su nombre fue entregada para los siguientes propósitos: ayuda para los afectados por los terremotos de enero y febrero de 2003, combate a la ola de secuestros y combate al narcotráfico y a las pandillas.

Flores, además de revelar que esta cooperación salió a su nombre, reconoció que esta no tenía como destino las arcas del Estado.

"Esos fondos no tenían como destino ni el fisco ni ninguna institución gubernamental. Tenían como único propósito permitir al mandatario enfrentar el problema que le había presentado al presidente de Taiwán o al Gobierno", dijo el exmandatario.

Flores, sin embargo, aseguró que él manejó con transparencia esos recursos que muchas veces se dieron "en contaduría" a alcaldes en actos públicos. "Yo entregué esos cheques para sus propósitos siempre. Nunca he depositado un cheque de Taiwán en ninguna cuenta", declaró Flores.

**LPG OR**  
IMÁGENES DE LA LLEGADA DE FLORES A LA ASAMBLEA.



Source: La Prensa Gráfica (11.1.2014)

## 7.6 Economic Strategies

The 2014 electoral campaign was different for elites. As it was recognized by elites interviewed during this time the ones with the stronger economic muscles were counter-elites. Despite G20 united largest capitalists, counter-elites were in control of State advertisement and had access to funds from ALBA Petróleos. In here I explain how elites and counter-elites sought to allocate money in the media to change or modify the information they were producing in their own benefit.

### 7.6.1 Advertisement Influence

As it has been explained before, Funes was an experienced journalist with a career of at least twenty years in Salvadorian media. He was also advised by Hato Hasbún, a well-known leftist politician, and media expert. Both knew whom they should talk to, and which buttons to press, one of them being public advertising. Salvadorian state is one of the largest media advertisers. (Freedom House, 2016; Pérez & Carballo, 2013). A first and very successful move made by Funes was to pact with media owners yearly public advertising in an exchange of positive/neutral coverage. These non-written pacts allowed the government to exercise control over information.

One of these pacts was signed with largest Salvadorian television holding: *Tele Corporación Salvadoreña* (TCS). TCS is run by Eserski family, Boris and his son, Juan Carlos. The company owns three of the five national television networks, channel 2, 4 and 6 and at least eight stations more under control of Frontmen (*testaferros*) (Valencia & Guzmán, 2014).

Due to TCS privilege position on Salvadorian TV market, as asserted by a Salvadorian politician, TCS was a key player on the strategies of counter-elites to capture the media. The pact included annual programs of public advertising in exchange of a less negative coverage and the promotion of government policies. The pact was based primarily on economic terms, as pointed out by a politician closed to Funes. Also, the pact included some ideological affinities with the owners of TCS regarding some changes in the country. As a politician observed:

“(…) con el gobierno del presidente Funes, se estableció una alianza que duró los 5 años, entre la presidencia de Funes y TCS, con los dueños de los medios, en el sentido de esa alianza para que TCS apoyara al gobierno, por lo menos no atacara tan brutalmente al gobierno, etc., etc. ¿Y en base a qué está montada esa alianza? Esa alianza se monta en función económica, el gobierno obviamente se compromete a la pauta, pero también en temas ideológicos (...) Claro, eso no significa que la relación en esta alianza fue contradictoria, en tiempos electorales, TCS siempre en sus noticieros le cargaba, le hacía el favor a ARENA y ayudaba al proyecto de ARENA; y entonces ahí venía las luchas y los conflictos que teníamos con TCS. Pero en general, en los 5 años, hubo una alianza entre el gobierno, entre la presidencia y TCS para que se tratara mejor el gobierno y las políticas de gobierno” (Politician two, 2015 ).

Regarding the conflicts with TCS, the interviewee continues explaining:

“el presidente agarraba el teléfono y llamaba directamente a los Eserski y les decía: “¿miren, qué paso?!, ¿y nuestra alianza qué pasó?, ustedes me están pasando en el noticiero 10 minutos de propaganda de noticias de ARENA ¿y a nosotros no?, estamos violando la alianza (...)“ok, entonces les quitamos ya la publicidad a ustedes si no dejan eso...” (Politician two, 2015).

TCS owners let president Funes know that it was a problem of miscommunication with editors in chief and that they should fix the problem. This pact is not a minor fact taking into account that literature on Salvadorian media has historically characterized TCS and its owners as an significant factor in elites defense and hegemony (Bull et al., 2014; Pérez & Carballo, 2013; Rockwell & Janus, 2003; Wade, 2016; Wolf, 2017). To academicians and journalists interviewed, the pact might have been also negotiated with the other main TV broadcaster, Megavisión. Owned by Oscar Safie, Megavisión was the only media that opened its doors to Funes and Hato Hasbún when Funes was expelled from Channel 12 in 2004. During almost seven years Funes had his program in Megavisión. Also, Safie was a close ally of Antonio Saca. According to journalist closed to Megavisión:

“Megavisión ha crecido muchísimo y Megavisión creció mucho en los últimos años del gobierno de Tony Saca y con el gobierno de Mauricio Funes” (Journalist five, 2016).

The public advertising pacts were also used to reduce opposition in online media. For instance, journalist reports suggest that Funes used to pay monthly publicity of around US\$20.000 to online media La Página, the most read Salvadorian news website (Diario1, 2017).

In addition to government's spending in advertising, counter-elites received a lot of financial support from largest private advertiser: ALBA Petróleos. According to the Media Fact Book of El Salvador, ALBA Petróleos is the most prominent advertiser with an annual investment of circa US\$3 million (Starcom Mediavest Group, 2015). Journalists reports showed that ALBA Petróleos invested approximately US\$5.3 million during 2013, and the majority of this money was served to pay advertising and publicity to promote its social programs and FMLN candidates (El Mundo, 2014). A controversial issue was that during elections' day, ALBA Petróleos paid to TCS a very uncommon publicity: a huge ALBA sticker under TCS helicopter and publicity on microphones used by journalists during elections coverage<sup>46</sup>.

Elites tried to use their advertising muscle too. G20 brings together largest fortunes in El Salvador. Three of them, Ricardo Poma, Francisco Callejas and Roberto Murray control one-third of Salvadorian GDP (Bull et al., 2014, p. 180). They are also among leading advertisers that include supermarkets. Supermarkets, that is mainly Wal-Mart and Super Selectos (Callejas' family), invest yearly around US\$6.457.310 in advertising. Also Excel Automotriz, one of the multiple companies owned by Ricardo Poma, invest yearly in advertising around US\$645.220 (Starcom Mediavest Group, 2015). For the campaign G20 collected circa US\$28 million according to a top ARENA's politician (Politician six, 2017). This was the largest amount of money in ARENA's history, in which at least a third was dedicated to the media as recalled by an ARENA's politician. Due to the economic muscle of elites and their ties with media owners, the traditional media offered exclusive discounts to ARENA. For example, 3 for one, so if ARENA paid for one advertising on radio, television or in the press, they received three ads instead of one. Given the lack of control on these in "kind" donations these millionaire discounts provided ARENA with some competitive advantage and allowed them to save and reallocate resources. But this time elites were facing a problem, as accounted by elites interviewed, politicians and media owners. Although they had plenty of funds, their economic muscle was feebler in comparison with the counter-elites. As stated by an ARENA's politician:

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<sup>46</sup> ALBA Petróleos was sanctioned by TSE (ca. US\$ 1.500) for advertising TV spots that promoted FMLN's candidate during election silence (veda electoral).

Lo que pasa es que lastimosamente, nosotros no éramos el partido que más plata íbamos a meter, entonces andábamos ahí como rogando (a los medios -FRR). No es lo mismo llegar a decir, mirá yo te voy a aportar tanto... (Politician six, 2017).

### 7.6.2 Bribery

In El Salvador the use of public money to pay media outlets and journalists for positive coverage is popularly known as *mentas* (mints). Historically, these *mentas* have been paid with money elites and counter-elites allocated from secretly public funds. These public funds are known as *partidas secretas* (discretionary funds). These discretionary funds have been allocated by Salvadorian presidents to pay a variety of activities and services from communications and publicity to intelligence services. According to data available from *Casa Presidencial*, the Salvadorian presidents who spent the most on *partidas secretas* were Funes (US\$351 million) and Antonio Saca (US\$301 million; see table 14). Despite the limited information available about these funds, some data suggests that Salvadorian presidents used to allocate from these *partidas secretas* specific payments to media, publicity and communications. For instance, ARENA's presidents Calderón (1994-1999), Flores (1999-2005) and Saca (2005-2009) allocated around US\$65 million to a category they called "communications" (Arauz & Alvarado, 2017).

Funes did not reveal details on how his administration spent *las partidas secretas*, but journalist reports found out that he continued using these resources to pay monetary bonuses to his cabinet and the media (Arauz & Alvarado, 2017; Lemus, 2018). In one occasion questioned by a journalist about money transfers made from his administration (*partidas secretas*) to bank accounts of former president and radio mogul Antonio Saca, Funes responded vía twitter that "Mi gobierno no transfirió recursos a cuentas privadas del expresidente Saca. Lo único que hicimos fue contratar servicios de publicidad en radios" (Arauz & Alvarado, 2017). Antonio Saca has been accused of misusing public funds while in public office. One of the accusations concern to the use of circa US\$7 million from *partidas secretas* to pay publicity in its on radio stations (Labrador & Arauz, 2018). Also, Jorge Hernández revealed to prosecution authorities that he used to work as intermediary between the government of Funes and the media (journalist and media owners) (Lemus, 2018). According to Jorge Hernández he used to pay in cash US\$ 6000 to US\$ 23000 to journalists, media editors and media owners to grant Funes'

government a positive coverage. The money came from *partidas secretas* as revealed by the Public Prosecutor.

**Table 14: Discretionary Funds of Salvadorian Presidents  
and money allocated to media (1994-2016)**

<b>President</b>	<b>Partidas Secretas (discretionary funds) of Salvadorian Presidents (millions)</b>	<b>Money allocated to media (millions)</b>
Armando Calderón Sol	US\$58.25	US\$1.9
Francisco Flores	US\$144.59	US\$ 21
Antonio Saca	US\$301.38	US\$ 32
Mauricio Funes	US\$351.02	-
Salvador Sánchez-Cerén*	US\$101.44	-

Source: own elaboration based on (Alvarado, 2017).

\*Information from Sánchez-Cerén is limited to two years.

## 7.7 Conclusions

In a post-electoral survey, 66.3% of the people considered that the accusations of corruption against Francisco Flores affected negatively the vote for ARENA (IUDOP, Año XXVIII n.º 3). In the same survey, 41.4% of the people expressed that the image of FMLN improved versus 15.8% that expressed the same about ARENA. Likewise, in terms of negative opinions 38.2% expressed that the image of ARENA worsened, versus 19.5% that expressed the same about FMLN. Sánchez Cerén (48.9%) won first round of the Salvadorian elections, followed by Norman Quijano (38.9%) and Antonio Saca (11.4%).

Media capture in El Salvador was disputed. At least one year before the elections both fractions started with different actions to capture the media. They required more money, as I argued, at least circa 70 million dollars for the campaign and also more time. While historically media capture was in hand of elites, the emergence of counter-elites turned media capture in an arena of disputes. Counter-elites' access to government and private economic resources gave them enough political and economic muscle to implement different types of actions. Counter-elites used contracts and money to pact with media owners to reduce negative information and to reproduce a frame - "the corrupts"- with the main goal of hurting electoral aspirations of ARENA. They were also keen in founding new media. These new media gave back counter-elites the opportunity they lost after peace agreements: the possibilities of having their own media. The media outlets in hands of counter-elites broke gridlocked media environment that used to benefit elites. The pacts counter-elites signed with some media owners, including former allies of elites such as TCS, granted them with media salience when traditional media were reticence to inform in favor of counter-elites political project. The pacts also allowed counter-elites to form a more diverse ideological group of actors. The public debate was opened to voices from the left, center and right of the political spectrum.

Elites on their side used their ties with traditional media to suppress information when necessary. They also organized with business associations and think tanks the production of negative information about the performance of the first FMLN government. This was distributed as such by traditional media. Despite the fact that elites gathered the richest Salvadorian businesspeople, their money disposal was lower in comparison with the disposal of money of counter-elites. Money also revealed that despite that the traditional media have

shared ties and political affinities with elites, for some of them money comes first. In sum, while counter-elites used more political and economic strategies, elites preferred the use of ownership strategies. Each of them used the strategies that had more leverage.

For many years, the historical and undisputable hegemony of elites shaped the ways elites saw the media. They saw the media as a necessary tool to influence the public, but they did not worry about having their own media. For instance, when asked elites discarded the possibilities of having their own media companies. They were sure that the business and family ties would secure them and guarantee control over the information produced. They were wrong. On the contrary, for counter-elites the cornerstone of their survival and influence has been the creation, control and possession of media.

Finally, the rivalry among elites - and counter-elites to influence policies and the control over the government, and the weakened capacity of elites to capture the media reduced elites influence over the State and has facilitated progressive policies such as the tax reforms of 2009 and 2011. Progressive institutions or changes may be favored by a situation where elites influence is weakened by competitive counter-elites and disputed media capture.

## 8 Conclusions

The influence of elites on society depends on their capacity to capture media. When media is captured, elites secure a public arena where the information and ideas that circulate can be filtered to reduce threats to the *status quo*. Instead of assuming that elites always control and manipulate the media, this research critically analyzes how and to what extent elites capture the media when they perceive a direct threat to the *status quo* during electoral campaigns. In what follows, I first summarize the most significant findings of this research, after which I discuss some of the possible avenues of future research.

### 8.1 Empirical findings

The findings of this research suggest that in capturing media, elites may face one of two scenarios. In the first, media capture is coordinated and the chances to influence on society are higher. This is the case of Costa Rica. In the second, media capture is disputed, and elites' influence is curbed. This is the case of El Salvador.

As demonstrated in the case of Costa Rica, a coordinated media capture occurred when elites were cohesive, and the type of networks woven by elites and media were elitist. Cohesion allowed Costa Rican elites to engage politically and to form an informal organization called Alianza Costa Rica in a couple of weeks. The members of Alianza Costa Rica were elites who have long sought to implement a business-friendly political agenda. They shared a common background that contained inter-elite conflict. Their capacity to organize into a common front and their shared ideology increased their economic and political influence over other actors, including media owners. Alianza Costa Rica brought together the largest private advertisers and business groups in the country. Also, elitist media networks got to work to ensure that media and elites were embedded in a small community of powerful economic interests. These types of networks not only restricted opposing voices but also allowed elites to share money, information and contacts for campaign financing and the organization of media campaigns suggesting the ties Frente Amplio might have with Venezuela, Cuba and Nicaragua. These networks allowed elites to mobilize the existing media power to their benefit. Cohesion and

elitist networks also increased elites' trust in media owners. Elites and media owners in Costa Rica have known each other for a long time and have common business interests. The trust among them increased elites' incentives to pursue a narrow range of economic and political strategies. In a short period of time and with relatively few resources invested, elites were unchallenged in their ability to frame the leftist party as a communist threat to the Costa Rican democracy, which in the end scared Costa Rican voters away from voting for that party (Alfaro-Redondo & Gómez-Campos, 2014).

In contrast, the fragmentation of Salvadorian elites since 2009 and a dispersion of networks in El Salvador turned media capture into an arena of dispute among actors. A group of elites that gathered together massive fortunes in the country, the so-called G20, sought to capture media framing the Left-wing El Frente Farabundo Martí para la Liberación Nacional (FLMN) as a “narco-Castro-Chavista” threat at least one year before the elections. However, another group of “counter-elites”, were similarly trying to capture the media in an attempt to frame the elites as “corrupt”. The privileged access of counter-elites to state institutions and private funds from abroad garnered them more economic and political resources to build their media network and to put pressure on media owners to suppress negative information. Salvadorian elites weaved a different, pluralist type of media network, which enhanced the odds of different interests and voices being heard in the public arena. These pluralist media networks implied only limited access to a reduced number of media companies, which in the case of the traditional elites meant access to traditional media. This, in turn, gave counter-elites more opportunities to capture non-traditional media in TV, radio, and the Internet to spread the word about ongoing corruption scandals within the elite's party, la Alianza Republicana Nacionalista (ARENA). At the end of the campaign, the electoral debate in El Salvador was shaped by the corruption charges against ARENA (Marroquín, 2015).

Competition among actors also influenced the preferred strategies for media capture. The fact that elites and counter-elites preferred actions related to ownership strategies shows that those strategies are the only ones that offer them some guarantees over the information produced. The TCS case is emblematic. Although this television company was a historical ally of elites, those ties were broken when counter-elites offered the company advertisement privileges and money. In this regard, fragmentation of elites accounted for a major number of actors willing to bribe media, but also, actors willing to use their media to influence public debates. The above allows us to rethink the media not as monolithic structures, but rather as a more complex

and contradictory actor, that may, especially in the case of bribery or public contracts, act against the interest of elites.

In this research, I also provide original data on how elites sought new forms of organization to influence the public and policy outside of more traditional business associations. The formation of elite interest groups, such as the G20 and Alianza Costa Rica, shows that even though elites may be part of significant business national associations such as *Asociación Nacional de la Empresa Privada* (ANEP) in El Salvador and *Unión de Costarricense de Cámaras Empresariales* (UCCAEP) in Costa Rica, they preferred to engage in political actions directly. Through their direct participation in these types of organizations, they overcame bureaucratic and institutional constraints allowing top economic actors to make the decisions directly. As I demonstrated, those decisions were based on the resources they had (money, political access, control over regulatory institutions) and the context in which they were immersed. Elite strategies shed light on the reactive nature of these actions. While political and economic strategies seem to be the strategies usually preferred by elites in both countries, the focus changed towards ownership when they felt competition or threats. Likewise, the increasing interest of elites around the world on buying media (ownership strategies) can be explained not just by their interest in having their voices in the public arena, but also, because they feel more threatened now than before. Elites lost confidence in media owners and political parties. Finally, violent strategies seem to be the last option elites might employ. Nevertheless, in countries such as Mexico, Guatemala and Honduras that have higher levels of impunity, violent strategies can be regularly employed due to the lack of probability of prosecution. For elites the game it is not anymore about consent building but censorship.

The case of El Salvador also reveals significant changes in the hegemony of elites since 2009. The electoral victory of FMLN allowed for the first time a leftist government to support actors, business people or politicians closed related to the FMLN but also increased the odds of some business people breaking ties with elites. That was the case of some families of Palestinians descent such as Saca, Salumé or Bukele. Although they are Salvadorians and their families have been able to accumulate wealth since the 1920s, they have been treated with disdain and racism by Salvadorian elites. Social closure among elites that claimed to share a European past blocked the full entrance of these families of Palestinians descent into the upper circles. This confirms the thesis that ethnic origins and ideological differences can trigger other actors to gain influence and to replace those at the top (Rovira, 2018; Espinoza, 2014). Similarly, the

Salvadorian case shows that there are triggers of rupture among elites that transcend macroeconomic interests, such as personal or familial disputes. However, in the case of Costa Rica, social homogeneity among elites has led to lower levels of circulation of elites. In general, since at least 1948, ruling elites have come from two major fractions: the *cafetaleros* or the industrialists. This lower circulation, as I argued in the previous chapters, has reduced the level of political confrontation in the country.

Finally, one of the significant findings of this research is that to better comprehend media capture, research should look at its relational nature. Rather than prioritizing the focus on ownership, as the literature has done predominantly until now, the focus on media capture through the lens of network analysis allows for an understanding of elite and media composition and strategies that can boost or constrain political currents and economic interests. Those ties gave elites opportunities to access and share information with media, as with the lobbying actions in Costa Rica, but also increased the opportunity to censor information. The findings of this research, in contrast to previous studies (Rockwell & Janus, 2003; Wolf, 2009), suggest that the media in El Salvador tends to be more democratic than the media in Costa Rica. This is the case because in El Salvador, opposing voices have more chances to use media to defend their views and ideas, whereas in Costa Rica media is constrained to a limited number of voices that share common views and values with elites.

## **8.2 Theoretical and Practical Implications**

The results of this research also speak to larger debates in the international literature. First, the literature on media capture. In the current discussion of #fakenews that has overtaken the public arena, my research provides insightful information for understanding that media capture is not a process that necessarily occurs every day when media owners conspire with elites to produce #fakenews for their mutual benefit. On the contrary, I demonstrated that media capture is a more complex process where elites debate when they should modify or censor the content of information and how best they can do it. Media capture happens at critical junctures when in the public arena elites perceive a threat to the status quo, such as fiscal reform, the election of an anti-elite political party, during the negotiations of a trade agreement or peace talks. In Latin American countries, where there has been an historical concentration of media ownership in the hands of a few groups, ownership must be understood as one of several different strategies that elites have at their disposal when they seek to capture the media. While most of

the literature has focused on media ownership to explain media capture, this research advocates for a more detailed and precise description and analysis of the networks at play and the different strategies elites may use when they feel the need to shape public opinion in their favor. Furthermore, by developing the concept of counter-elites this research encourages a more comprehensive view of media capture, one that demonstrates that not only elites can benefit, but also opposing actors.

Likewise, in order to be successful, media capture may not always require the capture of *all* media companies. In some cases, media capture requires focusing all the resources and actions on one or two media companies, typically the ones with the largest market shares and audiences, because this limited number of companies are the ones that played the primary role in shaping not just public debate, but also the media coverage of other companies on the radio, in the press and on the Internet. The above, and particularly the case of El Salvador, opens up the debate about whether media capture can be considered undemocratic in the short term. On the contrary, in countries with a high concentration of media ownership and wealth in a reduced number of business groups, media capture could be a useful tool to promote more redistributive policies to reduce elites influence and to broaden public debates. I have demonstrated that in El Salvador, despite controlling the government, counter-elites needed to capture media to advance their progressive policies. Media capture first broke with a historical silence and second garnered counter-elites with social legitimacy. For the first time in the history of Salvadorian media, top media companies shared with the counter-elites some basic agreements on the need to change the power structure in El Salvador.

Nevertheless, the historical influence of elites on the media imposes conditions on the ability of achieving a type of media capture with redistributive ends. For instance, money is required to keep the good will of owners, as well as a shared agenda. Counter-elites may need to offer media owners policy changes that do not affect them, but that may increase some wealth distribution, such as fiscal reform. But as other studies have shown (Mungiu-Pippidi, 2008; Anya Schiffrin, 2017), media capture by political elites has the potential to give rise to authoritarian governments that through the capture of the media produce their own facts and news, which in the end turns the public arena into a polarized war between facts and #fakenews. This is an area of research for which Central America offers an interesting research scenario with multiple cases, experiences, and important findings.

The second body of literature to which my research contributes is on elites. My study offers an account of how future research may address the question of cohesion among elites. In countries where accessing data is difficult, the focus on the common background, ideology, and interests of elites may be a useful tool to uncover how well integrated or not the elites are. The debate about cohesion opens up future research avenues on how this particular characteristic may improve or not institutional strength and progressive reforms. For instance, while Costa Rican elites were divided post-civil war (the *cafetaleros* versus the industrialists), the country advanced a very progressive agenda until the elite's cohesion during the 1980s. In the case of El Salvador, the cohesion of elites in the period post-peace agreements, on the contrary, increased neoliberal reforms and weakening institutions until 2009, when the cohesion of elites broke. In this regard, the question arises to what extent redistributive projects require a context of elites' fragmentation and how progressive actors deal with it. These are central questions for further research.

In addition, the findings on how elites are organized in informal groups -G20 and Alianza Costa Rica- to politically engage in actions add questions to the debate about how elites seek to influence public policies in Latin America. While most of the literature on elites' influence in Latin America has focused on business associations (Fairfield, 2015a; Salas-Porras, 2014; B. R. Schneider, 2013), my research provides substantial evidence that elites may prefer informal organization to influence the policy-making process. These groups provide top elites with direct control over decisions, opportunities to elude bureaucratic constraints and a very secretive and secured environment for members. As other research has shown, these groups are elite political action organizations (Briz-Garizurieta, 2002; Ortiz-Rivera, 2002). Those groups also became an expression of male power. Women do not normally take part in either of the two groups. In fact, throughout my research on elites in El Salvador and Costa Rica, I never found references to women participating in these meetings or in decision-making processes. Where are the business women in Central America? What is the role they play? Are they interested in influencing policy or the public? These are significant questions that remain to be studied.

Costa Rica and El Salvador also show that when elites dispute control over the government, despite their interest in strategic resources such as money or ideas, they also seek to secure social status. In my interviews with elites, some of them perceived themselves as a good option to lead countries because of their experiences managing companies and creating jobs. This

may help to explain the growing interest of elites in participating directly in politics by intervening in traditional parties, such as Carlos Calleja in El Salvador (ARENA), or with new political platforms such as the cases of Martinelli in Panamá (Cambio Democrático); Bukele in El Salvador (Nuevas Ideas), Macri in Argentina (PRO) or Piñera in Chile (Renovación Nacional). Elites are more interested in having direct control over media, as I mentioned before, but also over political parties. Does this imply an increased feeling of insecurity and distrust of traditional institutions such as media or political parties?

Finally, my findings also highlight the importance of distinguishing between the instrumental and the structural power of elites. While the former entails the capacity of elites to carry out deliberate political actions, the latter refers to the fact that states depend on elites to invest, generate growth, employment, and prosperity (Fairfield, 2015b). This is important because as Fairfield (2015b) has shown, when instrumental power is weakened, such as in situations of disputed media capture, more radical policy changes emerge in the public agenda. Elites in El Salvador, despite their rupture, never lost their structural power; on the contrary, because of this they were invited by the leftist government of FMLN to be part of the *Consejo para el Crecimiento*. But as I argued before, they lost their hegemony to shape public policies and the political and economic leverage necessary to engage in political actions. This reduction of elites' instrumental power facilitated the approval of, for instance, three progressive fiscal reforms in 2009, 2011 and 2014 (ICEFI, 2015). Are elites aware of their weakness when their instrumental power is curbed?

The third body of literature my research engages with is on counter-elites. The results of this research coincides with the findings of previous studies that suggest that, first, growing inequalities and public discontent have led to the emergence of counter-elites; and second, the significance of the role of ethnic differences in the formation of counter-elites (Espinoza, 2014; Kaltwasser, 2018; Recce, 2010). However, while the ethnic discussion has pointed out traditionally excluded groups such as the indigenous, El Salvador demonstrates that counter-elites do not always emerge from exclusion, but on the contrary, from groups that have long been part of top circles. For Salvadorians with Palestinian ancestry, the trigger of their opposition to and rupture with traditional elites was shaped by elites' racism and disdain. Racism has been found to be a critical element in the ideology among elites in countries with high numbers of indigenous peoples, such as Guatemala (Casaús-Arzú, 2000). Nevertheless, there is no research addressing this topic in the rest of Central America, especially in countries

like El Salvador and Honduras, with significant numbers of people of Palestinians, Syrian and Lebanese descent in the top circles. Is there racism among elites? The above also opens areas for further research considering the role of these families in politics in the region. Why are some of these families still electorally competing with traditional parties (Javier Simán, ARENA, in El Salvador), while others have decided to form new political parties (Nayib Bukele, Nuevas Ideas, in El Salvador) Do they play the same role in party politics as traditional elite families? Do they share the same ideological views of traditional elites?

I found that counter-elites depend on electoral victories and pacts. These two elements increase the vulnerability of counter-elites. On the one hand, the control over the government opens opportunities of investment and rent-seeking, as well as legal chances to modify the rules of the game in their favor. Pacts, on the other hand, are more problematic because they require not just some political consensus but also money. Considering that the use or misappropriation of public funds entails important legal consequences, counter-elites have relied on private funds, such as the millions of dollars donated by Venezuela. But the main problem with these findings is that rather than reducing dependency from external actors, counter-elites' strategies enhanced clientelism and nepotism.

The discussion about external funds opens up interesting scenarios for further research. In regions like Central America, external funds have come mainly from the Global North, specifically from the United States. Most of those funds, as I demonstrated in chapters two and three, have been funds with restrictions on the implementation of policies. In the case of the money from Venezuela, those funds were used to support public policies, electoral campaigns or the creation of companies. Behind those funds, there exists the suggestion that those funds may help to dispute the market control of elites. For instance, in El Salvador and Nicaragua, two countries that enjoyed flows of money from 2007 to 2014, new companies related to Alba Petróleos emerged in a variety of sectors. Despite their attempts to compete with business companies most of them went into bankruptcy after the Venezuelan crisis in 2014. The lack of accountability of these funds allowed counter-elites to overcome legal restrictions for funding public policies or the financing of electoral campaigns. But in countries where checks and balances are weak, private funds also increased the incentives of elites to do the same, undermining institutions once more. Rather than invigorate institutions, the influence of private funds from Venezuela did the opposite. What are the impacts of these flows to

Central American institutions? Do these funds reduce elites' structural power? To what extent do these flows of money also benefit elites?

Media capture today acquires special relevance. Elites, more than ever, compete over the control and production of information through new media platforms such as social networks (Facebook; Twitter; Whastapp). A very recent example of this was the crucial capture of traditional media (TV; Record), online portals and social media by Evangelical pastor-billionaire Edir Macedo in the Brazilian presidential campaign of Jair Bolsonaro. What is clear is that media capture in the long term always leaves winners and losers. Democratic institutions and society normally stand to lose, and from time to time also politicians. Media owners and operators of digital bot machines almost always stand to gain. It is of crucial importance to push for more research and public awareness to demand accountability and design and implement mechanisms of transparency that can ensure this accountability. That is a pressing commitment for political science in Latin America.



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# 9 Apendix

## 9.1 List of interviwees of El Salvador

2015

Code	Description	Length	Date	Status	Source	Recording	Confidentiality required
Politician 1	Former president of El Salvador	1:12:53	15.06.2015	CP	Politician	AR	yes
Politician 2	Former government politician	54:14:00	26.07.2015	CP	Politician	AR	yes
Journalist 1	Journalist La Prensa Gráfica	50:00:00	3.06.2015	CP	Journalist	AR	yes
Business							
Leader 1	Publicist	38:39:00	16.06.2015	CP	Business leader	AR	yes
Politician 3	Deputy Arena	20:15	15.06.2015	CP	Politician	AR	yes
Vice							
Minister 1	Finance department advisor	57:58:00	11.06.2015	CP	Vice Minister of Economy	AR	yes
Journalist 2	El Faro journalist	1:13:00	23.06.2015	CP	Journalist	AR	yes
Publicist 1	Publicist	45:46:00	24.06:2015	CP	Publicist	AR	yes
					Editor in Chief online		
Editor 1	Editor in chief online media	1:11:17	3.06.2015	CP	media	AR	yes
Academician							
1	Private university professor	44:43:00	2.06.2015	CP	Academician	AR	yes

Academician							
2	Public university professor	4:04:48	10.06.2015	CP	Academician	AR	yes
Journalist 3	El Faro journalist	45:05:00	26.06.2015	CP	Journalist	AR	yes
Business							
Adviser 1	Business association adviser	0:42:00	22.06.2015	CP	Business adviser	AR	yes
Editor 2	TV anchor	55:08:00	12.06.2015	CP	Editor in Chief TV	AR	yes
Journalist 4	Academician	25:00:00	10.06.2015	CP	Journalist	AR	yes
	Former editor in chief online						
Journalist 5	media	1:13:08	3.15.2016	CP	Journalist	AR	yes
	Former Super Electoral Court						
Politician 4	member	1:07:41	8.30.2016	CP	Politician	AR	yes
					Former editor in chief		
Journalist 6	Editor in chief online media	1:16:00	25.05.2015	CP	newspaper	AR	yes
Media							
Owner 1	Media Owner		04.11.2016	Skype	Media owner	AR	yes
<b>2017</b>							
Politician 5	President of Congress	45:00:00	13.3.2017	CP	Politicians	AR	yes
Politician 6	Politician ARENA	1:02:00	14.3.2017	CP	Politicians	AR	yes
Politician 7	Politician FMLN	25:00:00	15.3.2017	CP	Politicians	AR	yes

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Business								
Leader 2	Retail business man	40:00:00	16.3.2017	CP	Business leader	Notes	yes	
Editor in								
Chief	La Página editor	1.00:00	17.3.2017	CP	Politicians	AR	yes	
Politician 8	Politician PNC	35:00:00	14.3.2017	CP	Politicians	AR	yes	
Business								
Leader 3	Real Estate businessman	45.00:00	16.3.2017	CP	Business leader	AR	yes	
Media								
Owner 2	Radio mogul	25.00:00	16.3.2017	CP	Business leader	AR	yes	
Media								
Owner 3	TV mogul	40:00:00	21.3.2017	CP	Business leader	AR	yes	
Media								
Owner 1	Media Owner	45:00:00	23.3.2017	CP	Media owner	AR	yes	
					Former editor in chief			
Journalist 6	Editor in chief online media	1:18:00	3.11.2017	Skype	newspaper	AR	yes	

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Codes. CP, Conducted in Person. AR, Audio Recorded.

## 9.2 List of interviewees of Costa Rica

2015

Code	Description	Length	Date	Status	Source	Recording	Confidentiality required
Business 1	Former newspaper editor in chief	1:17:12	25.05.2015	CP	Former newspaper editor in Chief	AR	yes
Journalist 1	Journalist La Nación	1:05:44	27.07.2015	CP	Journalist	AR	yes
Business 2	Inmobilien and comerce businessman	1:04:12	22.07.2015	CP	Business Elite	AR	yes
Editor 1	Editor in chief online media	40:43:00	08.05.2015	CP	Editor in Chief online media outlet	AR	yes
Editor 2	Newspaper editor in chief	1:02:03	21.05.2015	CP	Editor in Chief newspaper	AR	yes
Journalist 2	Former Journalist La Nación	40:58:00	13.05.2015	CP	Journalist	AR	yes
Journalist 3	Journalist online media outlet	33:29:00	7.15.2015	CP	Journalist	AR	yes
Former Editor 1	Former newspaper editor in chief (Al Día)	45:59:00	22.05.2015	CP	Former editor in chief newspaper	AR	yes
Former Editor 2	Former newspaper editor in chief (La Nación)	2:10:03	12.05.2015	CP	Former editor in chief newspaper	AR	yes
Business 3	Finance businessman	1:43:12	27.07.2015	CP	Business leader	AR	yes
Editor 3	Editor in chief newspaper	57:25:00	21.05.2015	CP	Editor in Chief newspaper	AR	yes
Journalist 4	Former Journalist La Nación	1:20	18.05.2015	CP	Journalist	AR	yes
Business 10	Industry businessman	49:51:00	8.10.2015	CP	Business leader	AR	yes

Business 4	Industry businessman	38:59:00	30.07.2015	CP	Business leader	AR	yes
Journalist 5	Former Journalist in La Nación	1:04:26	15.10.2015	Skype	Journalist	AR	yes
Business 5	Retail businessman	45:41:00	21.07.2015	CP	Business leader	AR	yes
Journalist 6	Radio journalist	43:13:00	23.07.2015	CP	Journalist	AR	yes
Owner 1	Media owner	1:23:06	05.05.2015	CP	Media owner	AR	yes
Editor TV 1	TV anchor	1:24:13	19.05.2015	CP	Editor in Chief -TV	AR	yes
Business 6	Agro businessman	43:58:00	3.08.2015	CP	Business leader		
Business 7	Automobile businessman	39:25:00	23.07.2015	CP	Business leader	AR	yes
Campaign 1	Publicist	19:02	18.05.2015	CP	Campaign Adviser	AR	yes
Politician 2	Former Vice-President	35:00:00	10.17.2016	Skype	Politician	AR	yes
					Former editor in chief		
Journalist 7	Editor in chief online media	1:16:00	25.05.2015	CP	newspaper	Notes	yes
Business 8	Construction businessman	1:03:13	3.07.2015	CP	Business leader	AR	yes
Publicist 1	Publicist	1:16:12	28.07.2015	CP	Publicist	AR	yes
Politician 1	FA advisor	8:59:00	06.05.2015	CP	Politician	AR	yes
Journalist 8	Former Journalist in La Nación	32:20:00	21.07.2015	CP	Journalist	AR	yes
Journalist 9	Former Journalist in La Nación	1:06:12	25.05.2015	CP	Journalist	AR	yes
Business 9	Industry businessman	1:27:12	22.07.2015	CP	Business leader	AR	yes
Journalist 10	Radio journalist	47:07:00	20.05.2015	CP	Journalist	AR	yes
Academician 1	Academician	1:03:13	23.07.2015	CP	Academician	AR	yes
Former	Former newspaper editor in chief (La				Former editor in chief		
Editor 1	Nación)	1:05:12	27.07.2015	CP	newspaper	AR	yes
<b>2017</b>							

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Business 9	Industry businessman	0:48:27	04.04.2017	CP	Business leader	AR	yes
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Codes. CP, Conducted in Person. AR, Audio Recorded.