HONDURAS

First the crisis, then dictatorship

Honduras is one of the poorest countries in Latin America. The international financial crisis already predicted that life would be even more difficult for the Honduran population, but the coup d’état, supported by the most reactionary sectors of society – in particular the defenders of the patriarchal culture – has exacerbated the situation. Social organizations, in particular women’s movements, are organizing the resistance against the de facto regime.

The following report is comprised of two sections. The first one was written before the coup d’état of 28 June 2009, and refers to the impacts of the world crisis on the Honduran economy and society. The second addresses the social movements – in particular women’s organizations – response to the coup.

Honduras is the third poorest country in Latin America, after Haiti and Nicaragua. Although poverty was reduced from 63.7% in 2005 to 59.2% in 2008 and extreme poverty from 46% to 36.2% in the same period, these figures do not represent any great progress. Despite 73,831 households no longer being classified as in extreme poverty, there are now 121,390 new households in relative poverty (i.e., many households moved from extreme poverty to relative poverty while some are newly poor).²

The aim of the Poverty Reduction Strategy (PRS) – developed in order to reach the Millennium Development Goals (MDGs) by 2015 – is that relative poverty should drop to 42% and extreme poverty to 19%.² Clearly this goal will not be reached; added to the country’s existing problems are the consequences of the current worldwide crisis. The Ministry of Labour has reported that over 10,745 people were laid off between late 2008 and early 2009. Moreover, it is estimated that inflation exceeded 11% in 2008.

Family remittances from the United States and Spain have begun to slow down. Their contribution to GDP decreased from 21% in 2007 to 20% in 2008 and is expected to fall again to 18% in 2009.⁴

The Zelaya plan

The Government of Manuel Zelaya Rosales has retained its populist welfare policies which, according to the World Bank, have limited coverage, most of them lacking in control and evaluation. It has also continued the confrontation between the three state powers, with the Executive on one side and the Legislative and Judicial bodies on the other. For example, actions taken by the Executive to promote fuel saving have been challenged as unconstitutional and the Supreme Court of Justice has accepted the appeal. In addition, the signing of the Alternativa Bolivariana para América Latina y El Caribe (ALBA) [Bolivarian Alternative for Latin America and the Caribbean] – an agreement promoted by Venezuela – was endorsed by the Executive without the support of the Legislature. This has led to an escalation of the country’s principal problems, such as the energy crisis and the lack of citizen security.

Since the PRS was approved in 1999 after Hurricane Mitch, each government has carried out its own modifications to the document. For his part, President Zelaya has weakened its institutional framework. On his own initiative he created the Ministry of Social Development and the Red Solidaria [Solidarity Network], which automatically reduced the standing of the PRS Consultative Council in which civil society and government organizations were represented.

Some expectations but further regression

Over the strong opposition of private enterprises, the Government increased the minimum wage to HNL 5,500 (USD 297), though it exempted bonded assembly plants and domestic work from the increase. In addition, the signing of ALBA in August 2008 gave rise to a great deal of expectation in the population, particularly among the more vulnerable. The agreement includes medical and educational aid, donations of machinery and equipment and the “Petrocaribe” initiative, which will make it possible to purchase oil with long-term financing and very low interest.³ The savings generated by this transaction are to be put into a trust fund that will be used to finance social development projects.

Although the Ministry of Security’s budget rose from USD 140.6 million to USD 156.6 million, drug trafficking and corruption are on the increase. In March 2008 human rights organizations, women’s and feminist movements, churches and popular movements gave their support to a group of public prosecutors who went on a hunger strike as a way of denouncing the corruption prevalent in the Public Prosecutor’s Office. This event triggered a series of similar allegations regarding the State Attorney General, magistrates of the Supreme Court of Justice, the National Human Rights Commissioner and magistrates of the Supreme Electoral Court.

Furthermore, delay in submitting the general budget for 2007, which was sent to the National Congress in April 2008 – while the 2008 budget had not yet been submitted in April 2009 – makes it possible to use public funds unlawfully and delays the implementation of anti-crisis projects.

The impact of the crisis and mitigating measures

The recession resulting from the global crisis makes existing problems even worse.

The energy crisis

The increase by over 100% of the international price of crude oil and oil products during 2008 caused the cost of transport and the production of goods and food to shoot up. This in turn led to a dramatic increase in the basic food basket and a drop in the purchasing power of the population. The cost of producing electricity also increased – at present over 70% of the energy consumed in the country is generated by plants that operate on fuel oil – and rates have

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The financial crisis

The Honduran economy is very dependent on the United States; over 85% of the goods produced are exported to that market. One of the sectors that has been directly affected by the crisis is the free zone area or bonded assembly plants. The National Association of Bonded Assembly Plants announced in November 2008 the loss of 25,000 jobs – 85% of them held by women – due to factory closures. As part of its anti-crisis plan, the Government has announced that a large number of jobs will be generated all over the country in the short term. One of the principal sources of employment will be the Caminos por Mano de Obra [Roads for Labour] programme, which will carry out projects involving the construction of local roads. This is not going to be easy to put into practice, however, as 2009 is Zelaya’s last year in office and past experience shows that when a new government assumes power, it ignores the previous one’s plans.

With regard to the banking sector, the companies exporting goods are not requesting financing from the commercial banks. This has held up the flow of money and led to a lack of liquidity in the system. Another problem is the cornering of capital by the banks’ partners, who do not wish to risk their capital and prefer that the Government make the investments. This practice was made clear when the largest shareholders in banks sent an average of USD 6 million in subsidies, but this only benefited 3.3% of the poorest quintile of the population—some 100 thousand families. Despite the subsequent drop in the price of crude oil on the world market, the electricity rates in Honduras remain as high as at the worst moment of the energy crisis.

In early 2009 the President of the National Congress submitted a bill aimed at dramatically cutting the banks’ reserves and increasing the banks’ partners, who do not wish to risk their capital and prefer that the Government make the investments. This has held up the flow of money and led to a lack of liquidity in the system.

The food crisis

The global rise in the price of wheat led to a 40% rise in the cost of wheat flour in Honduras, which in turn led to an increase in the price of bread. Products that the population consumes daily, such as rice and cornflour, underwent an increase of 110% during the second half of 2008. The shortage of foodstuffs is not only due to the lack of production but is also linked to the worldwide energy crisis. Because of this, maize harvested for human consumption was diverted and exported for the production of ethanol. The inevitable rise in the price of maize led to an increase in the cost of all products based on cornflour. In addition, a crisis arose related to the production of basic grains as a direct consequence of the increase in the price of agricultural supplies, which went up 80%.

In order to mitigate the impact of the crisis, the Government has implemented some social welfare measures such as a mother and child voucher, an educational voucher, and the school satchel and food aid measures. In order to mitigate the impact of the crisis, the Government has implemented some social welfare measures such as a mother and child voucher, an educational voucher, and the school satchel and food aid measures.