

May 3, 1983

## **BACKING HONDURAS: TAKING A STAND FOR DEMOCRACY**

### INTRODUCTION

Honduras is the poorest country in Central America, and may be facing the most difficult period in its modern history. Its fragile democracy and its stability are threatened by economic crisis as unemployment and underemployment each approach 45 percent. Having achieved civilian rule through an electoral process at a time when violent disputes ranged along its borders, the 3.6 million Hondurans now are threatened by possible armed conflict with Nicaragua and with attempts at destabilization by outside guerrilla forces.

To bolster faltering Honduras, the Reagan Administration has been providing it with economic and military assistance. Assistant Secretary of State Thomas Enders has described the Reagan Administration's policy in Latin America and the Caribbean as a "policy to use our limited resources to support democracies and encourage those nations in transition to democracy." Efforts by the Administration to carry out such a policy in Central America have been attacked by Congress. The lawmakers, in fact, are threatening to cut back military aid to Honduras. This is very puzzling, for Honduras is an infant democracy which deserves to be nurtured and encouraged by the U.S.

Honduras is one of four Latin American nations to make the transition from military to civilian rule during the Reagan Administration. In April 1980, concern about violence in El Salvador and Nicaragua, and for the stability of Honduras, prompted the Honduran military to allow elections for a constituent assembly. Presidential elections followed in November 1981, and civilian rule resumed on January 27, 1982.

Honduras has become a key element in the struggle for El Salvador. Leftist forces in El Salvador are using Honduran

territory to channel weapons and supplies from Nicaragua and to stage attacks on the Salvadoran army. Honduran air space is violated repeatedly by planes from Cuba and Nicaragua transporting aid to the Salvadoran guerrillas. The violence raging within its neighbors has driven some 46,000 refugees into Honduras, creating an enormous economic burden. How long the fragile Honduran democracy can survive such pressures is uncertain. Without U.S. help, however, it will not survive for long.

#### THE HONDURAN ECONOMY

The Honduran economy of \$2.8 billion annual Gross National Product ranks 127th in the world. Basically an agricultural country, Honduras has been adversely affected by the worldwide recession. Honduras long has depended on the U.S. for trade, agricultural exchange and industrial development. U.S. corporations were established in Honduras over a century ago and the U.S. has remained Honduras' most important trade partner. The U.S. supplies up to 45 percent of that country's imports and buys more than half its exports. U.S. investments in Honduras are currently valued at \$320 million.

Coffee is produced by some 46,000 independent small growers. Other agricultural production comes from 250,000 small farmers and stockbreeders who own their own plots. Multinational corporations with investments in Honduras have spawned and trained small and medium independent producers in such agricultural sectors as bananas, oleaginous plants and tropical fruits. The multinationals also have provided assistance to cooperatives and land reform settlements.

Land reform, accompanied by significant reform of labor laws, was implemented in 1975. The labor movement had begun 21 years earlier when a small group of banana pickers went on strike demanding recognition and improved labor relations. In 1963, the U.S. AFL-CIO and their representatives AIFLD (American Institute for Free Labor Development) began working with the Honduran labor unions to develop what is now the most advanced and organized labor force in the region. AIFLD's efforts have resulted in significant cooperation between private enterprise and the labor unions, leading to the development of a skilled workforce. This is in sharp contrast to neighboring countries where such efforts have had little success and the labor unions have followed a leftist approach to solving labor problems.

Although Honduras has a tradition of honoring its debts, commercial loans from foreign lending institutions have been reduced drastically due to the violence in the region. This makes Honduras a high risk investment area. Prior to the start of the region's recent turmoil, Honduras had obtained foreign credits of almost \$200 million. This now has been reduced to only \$20 million. The civilian government of President Roberto Suazo Cordova has renegotiated its loan from the International

Monetary Fund. In contrast to Mexico's \$80 billion debt, Honduras owes \$1.5 billion.

This March, hurricane winds destroyed about 70 percent of the Honduran banana crop causing millions of dollars in damage.<sup>1</sup> The U.S. posted sugar quota is also exacerbating the economic crisis. Sugar is one of Honduras' major exports. Yet, last year, the U.S. sugar quota granted Honduras only a 1.0 percent sales ratio, in contrast to Nicaragua's 2.4 percent allotment. This allowed Honduras to sell only 28,000 metric tons of sugar to the U.S. at 22 cents per pound. As a result, Honduras now has a 100,000 metric ton sugar surplus which it must try to sell at the world market price of 6 cents per pound--far below production costs.

The country's new sugar refineries, which were financed with U.S. funds at high interest rates, now are forced to operate below capacity. If operating at capacity, these refineries could employ some 16,000 Hondurans. Because Honduras depends on the U.S. for its tourism, medical supplies and training, transportation services, and agricultural and industrial trade, it has suffered from U.S. high interest rates, unemployment, high metal and petroleum prices, and low exports. While an economic recovery is underway in the U.S., there may not be enough time for it to have a positive effect on Honduras without assistance from the U.S. and others. Beyond the AID projects already underway, encouragement of private investment in the country would generate an atmosphere of support for the democracy in Honduras. Honduras maintains an open door to foreign investment; foreign capital is given the same treatment and protection as domestic capital. This is where the trade benefits of the Caribbean Basin Initiative program would be advantageous to both Hondurans and the U.S.

#### U.S.-HONDURAN MILITARY ASSISTANCE

Military assistance from the U.S to Honduras began in the mid-1950s and continued at an even pace until it was curtailed in 1969 because of the war between El Salvador and Honduras. It was resumed in 1975. Between 1975 and 1980, such assistance (including military training) amounted to about \$2.6 million annually. The total military assistance allocated to Honduras between the 1950s and 1981 was only \$24.8 million. During this thirty-year period, some 3,871 Honduran soldiers were trained by the U.S.--less than a third of the total Honduran army. The highest number of trainees was in 1981--262 students. In comparison with the training and assistance offered to other countries in the area, U.S. military assistance to Honduras has remained minimal.

Aggravating Honduras' economic problems are the thousands of refugees fleeing the violence in Nicaragua, El Salvador and

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<sup>1</sup> "Banana Damage," AP-WX/03/21/83 1323 EST, Miami.

Guatemala. These refugees also complicate an already fragile political and social situation. There are 46,000 refugees in Honduras, including 18,000 Salvadorans, 3,000 Guatemalans, 18,000 Miskito Indians and 6,000 Nicaraguans. The biggest influx comes across Nicaragua's borders with Honduras and from the Nicaraguan Atlantic Coast region, home of the Miskito Indians, victims of savage repression by the Sandinistas.

In addition to economic woes, Honduras faces a military challenge from Nicaragua and terrorist activity aimed at preventing the evolution of a politically stable Honduras.

The increase of violence in areas bordering with Nicaragua along the Coco River is forcing the Honduran military to establish tighter security in that region. Threats from guerrilla groups based in Nicaragua such as the Cinchonero Popular Liberation Movement and the People's Revolutionary Movement (MRP) prompted both the Honduran government and the U.S. to reevaluate Honduran military readiness and security. Through a supplemental appropriation, the U.S. increased its FY 1982 military grant from \$1 million to \$10 million, while reprogramming of military sales credit was raised from \$9 million to \$19 million, giving Honduras a total of \$30 million in military assistance for 1982.

In the FY 1983 continuing resolution, Congress appropriated \$20.3 million. In March 1983, the Reagan Administration submitted a request to Congress for supplemental FY 1983 appropriations of \$17 million. For FY 1984, the Administration has requested \$83 million in economic assistance, \$40 million for the Military Assistance Program (MAP) and \$1 million in International Military Education and Training (IMET). In addition, the Senate Foreign Relations Committee has authorized an \$8 million grant to reconstruct an airfield to be used for emergency purposes by the U.S. This grant comprises part of a \$21 million package which was requested in FY 1982 and was authorized by Congress. The remaining \$13 million has been appropriated for the construction of a runway at a new airbase in Comayague. The base will enlarge U.S. aircraft parking facilities as well as provide storage areas for U.S. C-130 aircraft fuel tanks. In addition to bolstering U.S. security in the region, this runway will help Honduras.

In the meantime, the threat from Nicaragua grows. The Sandinista regime has spent at least \$150 million to expand at least five major airfields, some close to the Honduran border. An additional \$150 million has gone for port improvements, converting at least one of Nicaragua's two east coast ports to a deep water facility. Such ports could be used for submarine replenishment and maintenance. The airfields' fuel storage capabilities have been improved, making it possible for Cuba's Soviet built warplanes to refuel outside their immediate area.

## COMPARISONS OF HONDURAN AND NICARAGUAN MILITARY POWER

|  | <u>Honduras</u> |                                       | <u>Nicaragua</u> |
|--|-----------------|---------------------------------------|------------------|
| Army   | 14,500          | Combined Active Military:             |                  |
| Air Force  | 1,000           | Army, Air Force, Navy                 | 25,000           |
| Navy   | 800             | Combined Militia and<br>Ready Reserve | 113,000          |
| Combined Police,<br>Reserves and<br>Paramilitary<br>Forces | <u>1,700</u>    |                                       |                  |
| Total  | 18,000          |                                       | 138,000          |

(Air Force figures include 110 pilots trained in Soviet bloc nations and capable of handling MiGs.)

## HONDURAS AND ITS NEIGHBORS

The most critical problem facing Honduras is the Marxist-Leninist regime in neighboring Nicaragua. Until the 1979 Sandinista revolution, Honduran relations with Nicaragua were cordial; since then, they have deteriorated substantially due to violations of its territories by Sandinista forces aiding Salvadoran guerrillas. Among the most recent violations have been Radio Sandino jamming of domestic Honduran newscasts. Recent months have seen the forging of a quasi-alliance between the democratically oriented nations of the region. On January 19, 1982, Honduras, El Salvador and Costa Rica signed a document proclaiming the "Central American Democratic Community."

Nicaragua has denounced this community. A front page article in the Sandinista newspaper Barricada described the union as a "regrettable error." It noted that, "Nicaragua cannot recognize this decision as just. Neither can Nicaragua consider the decision a political solution that will lead to the establishment of peace in the region."

Nowhere in the Democratic Community treaty is there mention of excluding a neighboring country, such as Nicaragua, although it does mention that the "arms race in Central America, in increasing tensions in an irresponsible manner, places the stability of the region in danger." It also "condemns terrorism and subversion" in the region.<sup>2</sup>

<sup>2</sup> In view of these increasing terrorist attacks, Hondurans have joined in a show of solidarity with the Suazo government. On August 16, over ten thousand Hondurans marched in the streets of Tegucigalpa in support of Suazo. Thousands also marched in support of the government during the siege in San Pedro Sula. At no time has there been a significant show of solidarity with any of the leftist groups, outside of student support at the National University.

Since this treaty was signed, administrations in all three countries have changed. Yet in view of the perceived continuing threat of destabilization, relations among these three nations continue to be close. This agreement has been viewed by the U.S. as an encouraging sign of commitment to the development of democracy. The Reagan Administration has become increasingly aware of the importance of efforts by Central American nations to foster the development of democracy in the region.

#### NICARAGUAN-HONDURAN DISPUTES

The danger mounts of full-scale armed conflict between Honduras and Nicaragua. Honduras finds it difficult to patrol its 700 kilometer border with Nicaragua because it lacks sufficient military personnel and roads to this uninhabited area.<sup>3</sup> Nicaragua, on the other hand, enjoys a more developed road system to its border with Honduras and has a huge military force. Indeed, the present Sandinista forces are four times larger than the pre-Sandinista National Guard Army of Dictator Anastasio Somoza. Today's forces, moreover, are calculated to be eight times more powerful than Somoza's. The present 138,000-man combined Army and Militia, in fact, is larger than all the military forces of the rest of Central America combined.

While Nicaragua continues to charge Honduras with border violations, Nicaraguan violations against Honduras receive little media coverage. Since early this year, Nicaragua has been interfering with the broadcasts of Honduras' main radio station. This interference has been traced to a powerful transmitter of between 10 and 15 thousand kilowatts, placed near the Gulf of Fonseca (bordering El Salvador, Honduras, and Nicaragua) inside Nicaraguan territory.<sup>4</sup> The Honduran army recently sighted a convoy of Sandinistas transporting weapons to Salvadoran guerrillas some 70 miles inside Honduran territory.

#### CUBA'S ROLE AND TERRORISM

Assistant Secretary of State for Inter-American Affairs Thomas Enders recently stated that Cuba's strategy is to unite

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<sup>3</sup> The border area is so remote and uninhabited that Nicaraguan forces could advance for days into Honduran territory without the knowledge of the Honduran military. This actually occurred recently, following a violation of Honduran territory by Nicaragua. A command post had to walk to the closest pay phone when its radio malfunctioned, with the Honduran government unaware of the violation of its territory for three days.

<sup>4</sup> In anticipation of the possibility of future conflicts with Nicaragua, President Suazo sent Foreign Minister Paz Barnica to address the Permanent Council of the Organization of American States and the United Nations Security Council, with a peace and disarmament proposal last year. However, this proposal has not received serious consideration by either of these organizations, and Nicaragua has refused to accept the idea of a mutual disarmament in the region.

the left in countries of the Caribbean and Central America.<sup>5</sup> Castro provided para-military training to small numbers of Honduran radicals in the early 1960s and, in the late 1970s, resumed military training for members of the Honduran Communist Party (PCH). In fact, the PCH was integrated into the Internationalist Brigade to fight in the Nicaraguan civil war. Even now, Cuba uses Honduran leftists and Honduran territory as a conduit for arms and other aid to guerrillas in Central America. A cache of concealed arms intended for Salvadoran guerrillas was found in Honduras in January 1981. Cuba is encouraging extremist groups in Honduras to unify and launch armed attacks against the elected government. Cuba also is increasing military training of such groups and promising Honduran guerrillas their own arms, including submachine guns.

A Department of Defense report last year outlined Soviet/Cuban influence in Latin America. Eight areas of influence were described: military/economic activity in Latin America; Cuba's military buildup; Soviet influence and presence in Cuba; Cuban/Soviet buildup in Nicaragua; Communist influence/presence in Nicaragua; Cuban subversive activity in El Salvador; and the overall Soviet/Cuban influence in Latin America.

Terrorist activity in Honduras increased during 1980-81, almost certainly because of Cuba's increased involvement in the region. This year, acts of terrorism have become common. Since 1980, there have been kidnappings, aircraft hijackings, bank robberies, bombings of public buildings, attacks on U.S. corporations, a machine gun attack on the U.S. Embassy, the bombing of electrical power plants, and the September 17, 1982, siege of over a hundred people, mostly business leaders, in San Pedro Sula.<sup>6</sup>

In December 1982, a terrorist group kidnapped Honduran President Suazo Cordova's daughter while she was in Guatemala. They demanded that a communique attacking relations with the United States be published in major Central America newspapers before she could be released. The terrorists identified themselves as "The People's Revolutionary Movement, MRP, IXIM," a group with no known relation to any terrorist group in Guatemala or Honduras. Suazo's daughter, Xiomara Suazo Estrada, was released after the communique was printed. It was later learned that the guerrillas were Argentine and Colombian terrorists working with leftists in Guatemala.

The kidnapping of President Suazo's daughter indicates that terrorists, allied with the Sandinista revolution and Cuba, can trigger fear throughout Central America on behalf of "liberation" movements. The conflict clearly has been regionalized.

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<sup>5</sup> "Strategic Situation in Central America and the Caribbean," Department of State, Current Policy, no. 352, December 14, 1982.

<sup>6</sup> Thomas Enders, "Cuban Support for 'Terrorism and Insurgency in the Western Hemisphere,'" Department of State Bulletin, August 1982.

## POLICY RECOMMENDATIONS

Honduras is entering a second year of negative economic growth, high unemployment and economic barriers. This is due not only to world economic conditions, but also to the violence at its border. The U.S. should recognize Honduras' fragile situation and the particular problems that it confronts. As such, U.S. policy should include aid for the Honduran private sector. Hondurans fear violence from guerrilla activity less than hunger, poverty and unemployment. International institutions should be encouraged to grant loans to help offset Honduras' deficit. Productivity must be boosted by increased imports of agricultural and industrial products. This in turn will generate greater employment and reduce the threat of social violence. Moreover, the Administration should encourage private lending institutions to extend short-term loans for the continued industrial development of Honduras.

Development assistance under the Caribbean Basin Initiative (CBI) should be increased from \$29 million in FY 1983 to \$35 million for FY 1984. The overall CBI economic assistance program for FY 1983 of \$63.1 million should be increased in line with Honduras' immediate needs. The present U.S. sugar quota for Honduras should be raised to at least 3.0 from the present low 1.0 percent to give its sugar surplus a chance in a competitive world market.

The Administration should request additional funds to increase AID projects already in progress as well as develop educational and health programs. This includes the completion of a hydro-electric plant in El Cajon, which will enable Honduras to cut petroleum imports and to export electricity. Development of the Olancho Pulp and Paper project would allow Honduras to make greater use of its forest resources.

Military assistance should not only be continued but increased to a level meeting the immediate needs of the present crisis and for Honduras to safeguard its national security. The present buildup of military forces and anti-air systems in Nicaragua poses a grave threat not only to Honduras but to all of Central America. Recent shipments of arms to Nicaragua demonstrate that the escalation will continue. Congress should approve a \$17 million supplemental to the \$21 million already requested by the Administration for military education and training in FY 1983. This amount should be increased in FY 1984 from the Administration's request of \$41 million in MAP and IMET to \$50 million combined. This would enable the Honduran government to purchase surveillance equipment similar to the current U.S. radar in the area.

The Honduran Armed Forces, however, must not be allowed to interpret such military support as encouragement for a military takeover. This would be viewed by Congress as anti-democratic and could result in a cut-off of all aid to the country. This must be made clear to the military in view of its past corruption



and abuse of government. It should also be made clear that the United States will not allow terrorism and subversion to destabilize a democratic ally.

The Suazo government has made two significant moves to demonstrate its commitment for democratic development. It has joined with Costa Rica and El Salvador in a Democratic Community and it has presented a peace proposal before the Organization of American States and U.N. This proposal calls for general disarmament in Central America; termination of arms traffic in the area; reduction in the number of foreign advisors (El Salvador has 50 U.S. military advisors to Nicaragua's 2,000 Cubans); an agreement for a multilateral agreement that will strengthen the democratic pluralistic system, including rights of free expression of political will. The U.S. should encourage the other democratic nations of Latin America and Europe to support the government of Honduras and to acknowledge its efforts to develop a democratic union in the region.

U.S. policy should aid Nicaraguan democratic forces in exile to gain recognition before the OAS Permanent Commission and the U.N. Security Council. This would not only give them a public forum from which to voice their grievances, but also would alleviate political pressures on the Honduran government.

In the event of crisis in Central America, the U.S. should encourage a more active role by the Organization of American States. To date, it has backed the elections in both Honduras and El Salvador and opposed terrorism in any and all of Latin America. The OAS' Human Rights Commission should be encouraged to take a more prominent role in investigating human rights abuses against the Miskito population from Nicaragua, Salvadoran refugees and Guatemalan refugees. Congress should review the findings of such a commission before even considering curtailing U.S. assistance to Honduras.

## CONCLUSION

An unprecedented 80 percent of the Honduran people went to the polls in November 1981 to elect the current civilian government. Since then, Honduran democracy has survived some of the most difficult challenges faced by any Honduran administration.

Honduras suffers from grave economic and political pressures caused by the world recession and attempts by Nicaragua to destabilize its democratic government. Honduras is being victimized by Nicaraguan aggression against Honduras' border region. When the Sandinistas were only a guerrilla movement four years ago, they were able to launch their attack on the Somoza regime from this same, hard to control, region inside Honduras.

Should Congress restrict assistance for Honduras as it has for El Salvador, it will be clear to friendly and democratic

countries in Latin America that they cannot rely on the United States for support.

U.S. legislators must take a stand for democracy and freedom. It is time to send a clear message to Latin America that the U.S. remains part of the Americas, and that stability and democratic evolution in all of the Americas is of major concern to the U.S. government and its people. If the U.S. no longer wishes to be viewed as supporting only authoritarian regimes in the area, it must promote its image as an advocate of democracy among the affected countries. There is no better place to start than Honduras.

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