

**Ambassador Cresencio S. Arcos**  
**Former US Ambassador to Honduras (1989-1993)**  
**Former Assistant Secretary of Homeland Security for International Affairs**  
**March 18, 2010**  
**House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere**

Mr. Chairman and Members of the Committee:

Honduras had a singularly exceptional history during the Cold War. At the beginning of the 1980's when I arrived in Honduras, after a stint in the Soviet Union, the country had just held constituent assembly elections. These elections slowly moved Honduras toward a democratic process after 17 years of intermittent military rule. The 1980 Central American Crisis was also the beginning of one of the last two flash points of the forty seven year Cold War Period: Afghanistan was the other area. US policy during the 1980s went beyond 'containment', in its 'roll back' efforts to drive the Soviets from these two parts of the world. In Central America, Nicaragua was the primary focus of 'roll back'; while El Salvador was a more traditional effort of containing Cuban ambitions to support the FMLN insurgency.

Honduras in becoming a key partner of the US in the 'roll back' policy understood the need to move toward democracy as quickly as possible. The 1980s Constituent Assembly electoral process signaled the beginning of nine election cycles, continuing through 2009. This almost thirty year democratic electoral process was the result of Honduras' willingness to work toward US policy goals. This included: 1) returning the military to the barracks 2) adopting a representative democratic process with elections that would result in a system of checks and balances and transparent governance 3) a need for the rule of law with widespread commitment for human rights and respect for property and contractual rights. This enabled Honduras to preserve its peace and security which distinguished it from its neighbors 5) lastly, creating a more open economy by liberalizing competition and market access; promoting an open trade regime and increasing privatization.

As noted above Honduras unique history has been remarkable for keeping it from being engulfed in the maelstrom of civil war, insurrection and class struggle. Henry Kissinger, during his visit to Honduras as head of the US Commission on Central America, asked: "Why was Honduras able to avoid the acute instability of its three neighbors." The answer was simple. Honduras' rugged mountainous topography and historically scant communications and road networks precluded the development of a traditional dominant oligarchy. The Honduran military establishment also developed differently than that of its neighbors. The challenging terrain made it difficult for the Army to effectively control the entire national territory. This geographic condition forced Honduras to develop the first national Air Force in Central America.

In the 1980s after choosing to return to democracy and defend its territorial sovereignty, Honduras willingly cooperated with the United States in arms interdiction efforts. This was carried out to keep El Salvador from falling to Cuba supported insurgent groups. More importantly, Honduras was willing to allow the Nicaraguan Resistance (Contras) to operate in the country in order to create a critical pressure point on the Soviet supported Sandinista regime.

At times, unfortunately, Honduran Security Forces engaged in human rights violations. Yet, by comparison to El Salvador, Guatemala and Nicaragua it was not systematic and not of the same magnitude.

By the end of the Cold War, in the early 1990s, while Honduras had clearly escaped civil upheaval and internal strife its democratic process, brittle and fragile, was characterized by a less than transparent justice system. The 'rule of law' remained a misunderstood concept. As US Ambassador in 1991 I publicly conveyed to the Hondurans that no real democracy allows its justice system to become "...like a serpent that bites only the barefoot (the dispossessed) and not those with boots (the powerful)". Today, newly elected President Porfirio Lobo Soza faces similar challenges. The Latin-American power elite which include the military, the wealthy, industrialists and landowners and political governing circles continue to seek 'impunity'. Too often in Honduras, and elsewhere in the region, the culture of impunity prevails alongside the equally undesired practice of 'conflict of interest'. One still hears in the region sayings such as: "behave yourself or the law will be applied to you" (*Pórtate bien o te aplico la ley*). This is a monstrous distortion of the rule of law as is the practice of "a deal for my friend and the law for my enemy" (*Favores para mis amigos y la ley para mis enemigos*). This ill-conceived notion or misapplication of the law remains a major hurdle as documented by State Department Human Rights annual reports, and several international human rights organizations, including Amnesty International and America's Watch.

Besides neglecting the rule of law, the country faces several other serious issues. Income inequity has become more acute, creating class polarization and unsettling new political challenges. Increase dependence on foreign remittances (more than \$ 2.5 billion dollars annually from the USA to Honduras) driven by Honduran citizens migrating to the US, legally or illegally. The dramatic rise of remittances in recent years has spurred a tenuous consumerism. This is not a prescription for economic development; it temporarily eases the dire poverty afflicting many marginalized populations.

Additionally, unenforced foreign investment guarantees remain a negative economic factor. In Honduras, more than a dozen egregious US investor claims remain unresolved or unsettled by the Honduran Government or its justice system. The Bilateral Investment Treaty does not appear to help alleviate the resolution of these neglected cases. This requires a more responsive Department of State in demanding resolution.

Another socio-economic challenge Honduras faces is an almost pandemic HIV-AIDS problem, among the highest in the world. The US must seek to partner with Honduras to jointly address this horrific health problem. Additionally, Honduras' environmental conundrum continues to grow and threaten the wellbeing of its people. The destruction of vital woodlands by peasants' slash and burn practices has taken its toll. The country's forest cover is now less than 30% of what it was in the 1950's. Moreover, the illegal logging of vanishing precious hard wood timber is caused by irresponsible and unethical individuals in collusion with corrupt government officials. Due to these practices, agricultural development is plagued by scant rainfall and soil erosion which has rendered an increasingly fallow farmland. Potable and irrigation water have become scarce, as well. Exacerbating the country's ecological fragility, the delicate Caribbean

natural barrier reef off the coast of Honduras' Bay Islands, considered one of the last great live reefs on the planet, is being rapidly destroyed by careless practices.

Another major economic growth impediment President Lobo faces is the poorly funded and administered education system originally designed to lift the country's poor population out of extreme poverty. Today, the poor who attempt to obtain an education invariably experience a notoriously inadequate public school system; while the wealthy, as well as, the middle class are able to avoid the public school system choosing expensive private education. This educational inequity contributes to unsettling social conditions and dwindling opportunities to craft a better future for the majority of the population.

The rise in criminal gang activity has created an atmosphere of fear and threatening crimes like homicide, kidnapping, rape, rampant hold ups, narcotics trafficking and the corruption often displayed by public security forces. Youth gang members returned or repatriated by US Immigration agencies are contributing to this menacing crisis. A better method of repatriation is required to minimize unleashing hardened criminal gang members into Honduras' fragile society. Together with the rise of narcotics trafficking or transiting, gang warfare has become a serious national security threat to Honduras. Moreover, besides the known criminal activity, both gang organizations and drug traffickers have been able to infiltrate and corrupt the country's security forces and the justice system.

Lastly, institutional weakness or dysfunction is widespread in Honduras, as it is in much of Latin America. Attesting to this is the old adage "there exists a President and Ministers, but rarely a Presidency or a Ministry". The latter is often merely a payroll list. The weakest institutions are found in the Executive Branch of government, dealing with Health, Social Welfare, Education, Economic Industrial Development, Trade, Labor, Agriculture, and Security. These are invariably ineffective and inefficient. Corruption again is too often the cause. Under the eight democratically elected presidents good effective government has infrequently emerged with minimum corruption.

Honduras has overall come a long way in its general political and macroeconomic efforts, although it has been often an undefined 'stop and go' phenomena. However, the most recent political crisis was indeed a shattering and surprisingly polarizing event. This centered on the removal of President Manuel Zelaya, who had plainly ignited severe censure among the Honduran elite with several government initiatives such as a substantial increase of the minimum wage. The episode was further complicated by the blurred role of Honduras' Supreme Court and its National Congress. This episode has given rise to basic constitutional questions. But the role of the military in ousting Zelaya became controversial and a looming threat to the democratic process. It could be generally observed that in a democracy the removal of the Head of State or Chief Executive is usually carried out in an open political process based on legal constitutional strictures. For example, the impeachment of the US President is a clear political process provided in the Constitution. The 'indictment' by the House of Representatives is by its nature political as is the 'trial' conducted by the US Senate.

The controversial removal of President Zelaya, suggests that the Supreme Court determination 'based on evidence gathered' along with congressional acquiescence, apparently post facto, was

deemed sufficient to remove him without a formal trial or due process as established by the Constitution. The military's role exacerbated the situation by carrying out the actual ousting of the President without a civilian prosecutor or civilian law enforcement officer present. Unfortunately, the toppling of President Zelaya was portrayed in the world media as an almost tragic-comical event. The images suggested an early dawn raid on the President's residence whisking him out of bed and subsequently dropping him off on the tarmac at the San Jose, Costa Rica airport wearing pajamas and a cowboy hat. More seriously, the use of the military in this case aroused much international concern and commentary on the prudence of using the military to remove a Head of State for alleged egregious misconduct. Certainly Zelaya sidling up to President Hugo Chavez of Venezuela, a controversial and much reviled and feared figure on today's Latin America political stage, provided his opponents with a credible scenario. Chavez' 'Bolivarian' pretensions, often coarse and perhaps nonsensical, as well as his constant thundering condemnation of the US and its allies do incite much negative reaction. His often crude and tasteless remarks have earned him the scorn of world public opinion. Additionally, his controversial Iranian ties have made him that much more of an anathema. In linking Zelaya to Chavez many have attempted to demonize this hapless relationship and fuel anti-Zelaya sentiment. Consequently it allowed his opponents to easily tie him to a more sinister threat. But, the process or lack of due process at his removal caused sweeping international condemnation. Again, re-introducing the Honduran military into a political tangle is most disquieting. Admittedly, the Zelaya toppling and his internal detention might have caused violence and instability but, nonetheless if President Zelaya had been allowed his right to stay in Honduras to face a judicial process for his alleged crimes it would have bolstered democracy. The Honduran military establishment did not do the institution any favors in placing itself in a law enforcement role. The subsequent widespread human rights violations included loss of life, violence against selective journalists, critics and other dissidents and closing down critical mass media outlet. In fact this recent crisis resulted in more flagrant violations than at the high point of the Central American Crisis in the 1980's. The ongoing Bajo Aguan peasant land dispute crisis which has spiraled into daily violence is symptomatic of the aftermath of last summer's political crisis. In confronting this upheaval President Lobo faces his first real challenge.

The sum of this recent democratic disruption has unleashed a new set of challenges for Honduras and specifically for newly elected President Porfirio Lobo Soza.

These include:

- institutional instability due to the inappropriate role of the military in political affairs,
- increased human rights violations reported by domestic and international media sources, and documented by the international human rights community
- the concentration of political power in one of the two dominant political parties as a result of Zelaya's Liberal Party fracturing and weakening itself during the crisis. The danger being that the winning National Party may be tempted to perpetuate itself in power.
- the removing and expelling of the President by the Armed Forces establishes a dangerous precedent and wrongfully signals the military institution on its acceptability in a civilian role.
- although the US labeled the removal of Zelaya a coup, its subsequent confusing and maladroit handling of the crisis was perceived by many to be less than helpful and may have inadvertently signaled the region that coups may be ultimately inevitable.
- even though Honduras is small, poor and an institutionally weak country it defied the US. In fact, the conservative Latin American political sector eagerly applauds what they perceived as

the Honduran halting of Chavismo with scant regard to process. Whereas the Latin American left condemns the action but remains mute on the caudillo penchant for continuismo or reelection for political perpetuation in power.

The lack of rule of law reared its ugly head in this political crisis. The Honduras judicial process was at best unclear, if not absent. The de-facto government did fulfill its commitment to see through the ongoing scheduled elections, but provided the international community with fodder to criticize their less than transparent actions. Now President Lobo having inherited this situation must find a way to restore Honduras to a truly functioning democracy.

The way forward for the US in the aftermath of the Honduran crisis is replete with challenges and hurdles. Honduras like many other Latin-American countries has distanced itself from the US. The removal of President Zelaya caused a reassessment of the US-Honduran relationship. The US should now understand that the Honduran crisis was a wakeup call for the US to seek a, mutually acceptable, clear policy of engagement. Today's Latin American reality, as many observers have noted, is that "the Latin left has lost its fear of the US and the Latin right has lost its respect of the US". This may be an overstatement, but recent efforts to create a new regional organization without the participation of the US and Canada suggests that Latin American leaders would consider replacing the OAS and certainly signals that all is not well in the Inter-American region. In fact, even close allies like El Salvador, Mexico and Colombia joined this new effort.

Honduras remains deeply dependent on US trade and remittances originated in the US, but increasingly it is reluctant to readily embrace US policy as it did before. Honduras has learned several lessons during this recent crisis, but perhaps more importantly the US should have learned that it must be more thoughtful, consistent and have clarity of purpose in reacting to crisis. Indeed the US must attempt to avoid foreign policy by sloganeering and then reacting as if its national interest is served by high minded responses instead of adhering to the facts. The dynamics of the coup should have required better and more focused analysis. This included the unsettling role of the Honduran military and the Chavez dimension of the crisis, its links to Iran and other mischief should have been apparent. The US unexpectedly found itself between a rock and a hard place: the questionable removal of a democratically elected President (safeguarding democracy), and the Chavez-Iran part of the equation. In the end, the US appears to have fumbled the ball but recovered with an onside kick, when in fact they found a way out not a solution to the problem. It should be mentioned that Honduras' power elite which was vociferous in supporting the coup were surprised to learn that due process is sacred to democracy. Zelaya learned that his hubris kept him from recognizing the power elite's determination to neutralize him. The end result was a harsh class and political polarization never experienced before in the country. Some knowledgeable observers claim that for the first time Honduras is maybe in a "have against the have nots" class struggle. This polarization could easily become the driving force in the out years. The Lobo Administration together with the Honduran political and economic leadership must address this immediately.

In sum, President Lobo faces numerous challenges as noted above. Yet, the most important factor in his Presidency will be the political will to adequately and forcefully address these challenges in a timely way. Although at this time it is premature to make any definitive

assessment of President Lobo's record, he does appear to have a distinct sense of the plight of his people. It remains to be seen whether his apparent ability to reach across to all sectors of Honduran society will yield a more promising future for all Hondurans.

Mr. Chairman and members of the Committee, thank you for the opportunity you have given me to review the current challenges facing Honduras.

