

**TOWARDS RESPONSIBLE GLOBAL JOURNALISM:
TRANSNATIONAL THEORY, FOREIGN REPORTAGE, AND THE 2009 *COUP
D'ÉTAT* IN HONDURAS**

by

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Abstract

As world economy and finance are increasingly globalized, so too is the practice of journalism. Though traditional journalism ethics tend to be parochial, there is a push for the profession to embrace global ethics in reporting. However, foreign correspondence is increasingly the work of parachute journalists who often have little context of the countries they are writing about. This paper proposes that foreign correspondents and international journalists can use transnational theories of economics and politics to understand power across diverse and varied boundaries. Theories of transnationalism encourage an understanding of local elite and power hierarchies in relation to global capitalism, as opposed to looking at elites within a national context only. The usefulness of these theories to journalists is demonstrated in a case study on Honduras, a small country about which there is very little scholarship in North America. A longer view of the history of corporate capitalism in Honduras shows that the country has long been under the influence of United States corporations and politics. But a more immediate analysis of globalization in Honduras using transnational theories allows researchers and journalists to obtain a better understanding of the country's elite, specifically with regards to the events leading up to and immediately following the *coup d'état* there on June 28, 2009. In partial fulfillment of the requirements for a Master of Journalism, this includes six pieces of journalism that make use of transnational analyses to explain systems of power and dominance in modern day Honduras.

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Dedication

To everyone who has been brave enough to resist

1. Introduction

1.1 Orientation to this project

This is a project that is made up of various components that document my journey to understand and communicate the 2009 *coup d'état* in Honduras. It mixes the practice of journalism with academic inquiry into transnational theories, and attempts to articulate a framework through which journalists can understand and interpret events around them.

I embarked on this project shortly after the *coup*, and traveled to Honduras in December of 2009, where I spent a month researching and doing interviews with community members, representatives of business associations, Indigenous leaders and historians.

Out of this trip, I wrote six pieces of journalism, which are included in this thesis project, as I continued to study the history of the country and the events that led up to the coup. Each piece of journalism is distinct and each is written for a different audience with a different intended outcome. This reflexive practice of combining academic and journalistic writing with in-depth theoretical and historical research has undoubtedly made my journalism stronger.

Though thesis requirements require me to present this information in a linear fashion, I encourage readers to read it in sections, as if they were freely clicking through a web of information of which the academic inquiry is an important, stand alone section, as are each of the six pieces of journalism.

1.2 The foreign media context after the coup

Hours after Honduran President José Manuel Zelaya Rosales was removed from his residence on June 28, 2009 by a group of soldiers and flown to Costa Rica, news of the military *coup* in Honduras began to spread around the world.

In Canada, journalists and columnists scrambled to make sense of the events in a country little understood and less discussed. "I don't know much about Honduras, but I do know that when *coups* occur, there's usually a reason," wrote *Toronto Sun* columnist Peter Worthington on July 1, 2009.

Mainstream media tended to focus on Zelaya's allegiances with Venezuela's Hugo Chavez and a supposed bid to extend his term limit. "The constitution of Honduras, similar to those of many Latin American countries, explicitly forbids him to stand for a second term, something Mr. Zelaya had wanted to change," wrote Marina Jimenez in the *Globe and Mail*. "Mr. Zelaya has spent much of his presidency holding the sort of rural chat sessions with constituents that President Hugo Chavez has made popular in Venezuela. It is Mr. Zelaya's close relationship with Mr. Chavez that has caused alarm among wealthy and middle-class Hondurans," reads a July 1 article in the *New York Times*.

Conversely, following the *coup*, progressive and independent media in North America denounced possible involvement of the United States in the *coup*.

Nearly absent from media coverage was an analysis of the situation that goes beyond international and domestic political factors in isolation to examine the role

of elites within Honduras, and their interconnection with global capitalism. While many of the elite families in Honduras today have had a dominant social position since after WWII, their economic position in the country has shifted over the past 30 years to depend on a constituency outside of Honduras, namely the transnational corporate sector.

When Zelaya was removed from the presidential residence in June of 2009, it was not U.S. soldiers who took him from power. Instead, in a pre-dawn raid on June 28, Zelaya was removed from his residence by members of the Honduran military and flown to Costa Rica in an illegal extradition. Through there was some level of complicity by the U.S. in the *coup*, as the plane carrying Zelaya stopped at the Soto Cano air force base from which the U.S. operates Joint Task Force Bravo, there is reason to believe that the *coup* was by in large planned and executed on behalf of members of the Honduran economic and military elite (Chirinos).

These elite groups have been able to avoid attention in part because of a prevalent notion in academic literature that Honduras historically lacked a traditional oligarchy. This is due in part to the widely cited theory of influential historian Edelberto Torres-Rivas, that Honduras has an absent oligarchy (18). Honduran historian Darío Euraque, who has done groundbreaking research on the elite and merchant classes of the Honduran north coast department of Cortés, claims that “discussions of ‘the absent’ Honduran oligarchy have continued despite little or no systematic research on the issue” (1996ii, xix).

In a national context, like that of Honduras, where the oligarchy is not an easily identifiable group, or where elite identities have been fluid and have not been the object of sustained academic scrutiny, theories of transnationalism can help journalists and others trace the roots of political, social, and economic power in 21st century.

1.3 Globalization, journalism ethics and foreign correspondence

Journalists who choose to report from foreign countries do so at their peril if they do not have a clear understanding of who makes up the ruling class. It is a mistake to fall into cartoon-like characterizations of power as military strongmen, populist orators, and slick Harvard educated politicians rotating in and out of a revolving door.

In reality, these figures come and go, but wealthy elites that control financial flows, influence and/or create national policy, and protect their own assets, are often less apparent. However, some argue that local elite groups increasingly owe their power and privileges to their position as interlocutors between transnational capital and local forces, and as such are homogenizing and gaining coherence as globalization and globalised capitalism supersedes nation-state capitalism (Robinson 1998, 563; Cox 359).

Globalization has not just changed the structures of production and altered the world economy. It has also affected journalism practices and is beginning to have an impact of journalism ethics.

According to Dr. Stephen Ward, “journalism ethics was developed for a journalism of limited reach, whose public duties were assumed to stop at the border. However, in a global world, why not take the next step and define one’s public as readers within *and* without my country?” (7).

Among Ward’s reasons why journalism and journalism ethics should be re-conceived of as an activity with global repercussions is because such a re-conception “is needed to help citizens understand the daunting global problems of poverty, environmental degradation, technological inequalities and political instability” (8).

I share Ward’s sentiment that journalists must work to serve various communities and should work to foster understanding that can empower readers to make decisions that lead them to action, either individually or collectively.

It is for this reason that powerful elites deserve the attention of every serious foreign correspondent. When journalists expose the transnational linkages that local elites increasingly have and need to sustain their social position, which often implicates centers of power and finance outside these countries in their local dynamics in new ways, readers or viewers from around the world can begin to understand global capitalism.

1.4 The scope of this academic work

This paper cannot explore all of the possibilities for formulas by which journalists can begin to understand global power relations, but instead focuses on

transnational theories of global capitalism as articulated by William Robinson, Robert Cox and Leslie Sklair, among others.

This project aims to articulate how theories of transnationalism can be useful to foreign correspondents and journalists who seek to understand the functioning of power in the 21st century. According to Robinson (1996, 33),

Political and economic power tends to gravitate towards new groups linked to the global economy, either directly or indirectly through reorganized local state apparatuses which function as “transmission belts” for transnational interests. In every region of the world, in both North and South, from Eastern Europe to Latin America, states, economies and political processes are becoming transnationalized and integrated under the guidance of this new elite.

Transnationalism is a useful lens for journalists to use if they are seeking to report on politics and power relations, because its effects are not specific to one particular region. This paper will apply these theories to the unique case study of the 2009 military *coup* in Honduras, within a historical context.

Finally, it will end with five features piece of journalism that are reflective of the practice of narrative journalism and not of academic writing, but that could not have been written without developing an analysis of transnationalism.

2. Transnational theory as a tool for journalists

2.1 Parachute foreign correspondence: elections and violence

For many reporters and editors, news from foreign countries is of particular interest when there are elections or when there is a sudden event, like a natural disaster or an outbreak of violence.

According to Dan Halton, writing in 2001 “no Canadian media are permanently based in Australia, eastern Europe, Japan, Korea, the Middle East outside Jerusalem, or South America” (502). In contrast to foreign correspondents stationed at bureaus, who may have a chance to understand local political culture and acquire local knowledge, “‘parachute’ journalists rarely have a chance to acquire such background and are less likely to understand complex subjects rooted in the culture and history of a nation” (Halton 506).

Parachute journalism refers to when journalists are dispatched from their home base to a specific region to cover a particular story, and the use of parachute foreign correspondence is increasing. Though still expensive, parachute correspondents are a cost saving measure used by powerful media conglomerates including the *New York Times* and NBC.

William Dorman describes the reality that non-specialist parachute journalists faced when assigned to cover a breaking international story. “Thrust into confusing crisis situations in an alien culture, lacking a coherent understanding of the historical forces at work, confronted with the intense pressure of successfully outdistancing equally eager and beleaguered competitors working under similar deadlines and

limitations, sometimes threatened with reprisals or expulsion from the subject country, the typical reporter can reasonably be expected to fall back on safe procedures” (426).

These “safe procedures” include a pack journalist mentality, a deference to the official line of the U.S. Government, the exclusive use of expert, authority or established sources of information, and working embedded with U.S. or other occupation troops (Dorman 423-6; Hamilton 313).

What follows is an attempt to challenge the notion that a non-specialist journalist has no choice but to defer to the “safe procedures” by glorifying elections or oversimplifying regime change. Instead, by studying transnational theory, even non-specialist journalists can equip themselves with the tools by which to pinpoint and articulate the workings of power (and destabilization) globally.

2.2 The lens of transnationalism

William Robinson’s theory of transnationalism posits globalization as part of a systemic shift in world history that began in earnest in the 1970s and continues until today. He argues that though world capitalism developed during a period when nation states and inter-state relations were of great importance, globalization has caused the rise of transnational capital and “the supercession of the nation-state as the axis of world development” (2003 12; 2008 13). It follows that Robinson urges researchers to abandon the nation-state as the predominant frame for their investigations, and consider instead the influence of transnational financial capital

flows across national boundaries. This shifts the discourse away from the study of multinational corporations (made up by many nations) and international relations (as in relations between nations) and towards an understanding of a global system where power and money are transnational (move through nations). Since the 1970s, transnational capital has largely come to replace international capital in the world financial system.

Globalization is a strategy employed by elites that stand to benefit from shifting global finance away from a nation-state orientation in order to continue a process of capital accumulation that they had seen constrained by national issues. “‘Going global’ allowed capital to shake off the constraints that nation-state capitalism had placed on accumulation and break free of the class compromises and concessions that had been imposed by working and popular classes and by national governments in the preceding epoch” (Robinson 2008, 15). In Honduras, examples of these class compromises are small but significant, and include workers rights gained primarily through the banana workers strike of 1954 which mandated minimum rights for workers, including the right to overtime pay, to collective bargaining, and to basic medical benefits. Certainly these concessions are less pronounced than constraints against capitalist accumulation in developed countries, hence Honduras became a significant destination in the transnationalization of the U.S., Canadian, and South Korean manufacturing sectors.

Part of what makes globalization different from previous epochs in the history of capitalism is the disarticulation of geographical and economic structures of

production that existed in previous eras. The concept of world trade that existed throughout the epoch of corporate capitalism (late 1800s until the 1970s) saw nations trading products with each other. Today, however, the entire process of production for many goods happens across national boundaries, as in the example of garment assembly, commonly known as the *maquila* sector, where materials and machines are imported from one country, products are assembled by a large, low wage labour force in Central America and then exported for sale or for finishing in another country. This is possible in large part because of new technologies of mechanization and computerization used in the manufacturing process. “The globalization of production has entailed the fragmentation and decentralization of complex production chains and the worldwide dispersal and functional integration of the different segments in these chains” (Robinson 2003, 16). The dispersal of these production chains requires an increased cooperation and integration of a segment of local elites into the global market.

Peter Dicken describes a transnational corporation such: “a firm which has the power to co-ordinate and control operations in more than one country, even if it does not own them” (8). These companies, and especially the largest among them, don’t only produce their products across national boundaries, but “also generate a significant proportion of international trade within their own organizational boundaries and engage in sophisticated international financial transactions (including foreign currency dealings)” (Dicken 181). Indeed, the measurement of trade data using national indicators obscures the fact that a significant portion of trade today is between and within transnational corporations. A 1983 study

showed that already at that time intra firm and/or corporate administered trade accounted for 60 per cent of U.S. imports (Gilpin 254). A more recent example is the *maquila* sector in Honduras, which has the highest ratio of foreign investment after the cigar industry. Data from the *maquila* sector is sometimes excluded from national data sets because of the distortion its inclusion creates, due to the fact that “the ratio of *maquila* exports to total exports in 2002 was the highest (greater than 60 percent) in all of Central America” (Robertson 175).

States remain an important element within the transnational system as global capitalism emerges from the nation state system and countries around the world shift from state-led development to state-promoted linkages to global production (Robinson 2008, 53). The transnationalization of the world economy through liberalization policies, the creation of global regulatory systems and the internal restructuring of national economies to bring them into the global system are key pieces of the transnational agenda (Robinson 2008, 50).

2.3 Identifying the transnational elite

Although members of national dominant groups have oft been active participants in and promoters of globalization, elite classes have nonetheless undergone transformations linked to the changing global economy over the past decades.

There are numerous ways that journalists (even parachute journalists) can identify members of the transnational elite in the countries in which they are writing about. In 2001, sociologist Leslie Sklair described how a transnational capitalist class is emerging as a group based on transnational corporations that is “more or less” in

control of the process of globalization (5). Robinson describes this class as made up of “junior partners” in the third world who manage global capital on a local level (for example, through administering export processing zones) and “senior partners” in the first world, who are involved in global level decision making and management (1996 35).

Robert Cox defines the transnational elite as represented institutionally by organizations like the International Monetary Fund, the World Bank, the Organization for Economic Cooperation and Development and the Trilateral Commission. Increasingly, regional financial institutions like the Inter American Development Bank and the Central American Bank for Economic Integration, trade bodies like the World Trade Organization, the Global Agreement on Tariffs and Trade, and trade agreements U.S. Central America-Dominican Republic Free Trade Agreement provide institutional support for the transnational agenda.

While some members of the elite group are the “managerial cadres of multinational corporations and their families,” others are officials in national and international agencies, financial experts, and others yet in some way connected with the maintenance of the world economy “from management consultants, to business educators, to organizational psychologists, to the electronic operators who assemble the information base for business deals, and the lawyers who put together international business deals”(Cox 359-60).

Sklair identifies the transnational capitalist class as belonging to four groups: executives and local affiliates of transnational corporations, globalizing bureaucrats and politicians, globalizing professionals, and merchants and media (17).

Consumer culture is another hallmark of the transnational elite. According to Cox, “the culture specific to this class is generically American and has been spread transnationally from a U.S. base, homogenizing the outlook and behaviour of members of the globally dominant group in a way that distinguishes them from the differentiated cultures of national elite groups” (359).

Politically, members of the transnational elite are not necessarily aligned with one party or another. Sometimes, as in the case in Honduras, these elites have effective control over both parties in a bipartisan system. Generally described, the political position of transnational elites is neoliberal, which is to say: it aims for macro economic stability, the elimination of the role of national governments as operators of economic ventures, the implementation of national legislation that encourages foreign direct investment (low taxes, low barriers to investment, lax environmental regulations), it guarantees that nation states will intervene (using force if necessary) in the interest of transnational capital, and that the state is party to international agreements that institutionalize international/transnational trade and investment relationships. Robinson argues that as policy towards transnationalism took place across Latin America, they were facilitated by nation state apparatuses “with the active involvement of local dominant groups” (2008 35).

Being able to identify members of the transnational elite can help journalists understand the pressures and sometimes contradictions that affect how policy is made, and in some cases, how democracy is subverted or maintained. Ignoring this powerful group of people makes it difficult to carry out a deep analysis of power and influence that links local families with global capitalism.

3 Corporate capitalism and traditional elites in Honduras

3.1 A country without an oligarchy?

Honduras has traditionally not been the object of much scholarship, and has received less attention than the neighboring countries of Guatemala, Nicaragua and El Salvador (Merrill 143).

The historic weakness of Honduran elites is often attributed to the level of foreign involvement in the country throughout the 20th Century, as well as to the lack of rich volcanic soils and labour shortages that prevented the rise of a coffee growing elite (Merrill 84; Robinson 2003, 118-119). Torres-Rivas argued that in addition to the lack of a coffee growing bourgeoisie, a landholding oligarchy was never consolidated in Honduras because there was no “productive structure” for export agriculture, nor were there “favorable social and political conditions for development” (18).

Torres-Rivas argues that Honduras “did not consolidate a national economic base or a coffee bourgeoisie or a traditional landholding oligarchy” (18).

Following Torres-Rivas’ theory, the Honduran elite is understood historically as lacking power and coherency, constituting the weakest oligarchy in Central America (Wade 134; LaFeber 44).

Some scholars believe that a lack of a powerful coffee growing upper class was a positive attribute in the formation of Honduras, as it could have resulted in a slightly more equitable land distribution regime, lowering social and class conflict by comparison to other Central American countries (Volk 66; Lapper 19).

Conversely, Honduran historian Darío Euraque argues elites were present in early Honduras but that they actively abandoned regions that could produce coffee because they “had more to gain from relatively easy access to the banana lands and commercial activities than they did in the case of coffee” (1996, 13). Either way, looking back over colonial records in order to identify the powerful families in Honduras is not a feasible technique for identifying dominant groups, because of changes in the make up of elite families over the past generations (Euraque 1996i, 46).

Honduras is a country that has long been shaped and conditioned by its external environment, as demonstrated below. But that environment has also changed in ways that have “transnationalized” the local elite in unprecedented ways.

3.2 Early foreign domination of the national elite

In the 20th century, the colonial elite was unable to maintain political hegemony and economic dominance, and “...most of the new commercial and industrial spaces of the [20th] century were occupied, first by Germans, and to a lesser extent other Europeans, and secondly, Arab-Palestinian immigrants.” (Euraque 1996i, 46). This metamorphosis of the Honduran oligarchy began during the integration of the Honduran economy into the world economy through silver and banana exporting (Euraque 1996ii, 47). This indicates that international finance and multinational corporate activities have played an important role in the formation of Honduran elite classes since shortly after independence.

By the early 1900s, only a segment of the Honduran elite were foreign nationals. In his exhaustive study of the economy of the North Coast of Honduras, Euraque notes that given the foreign domination of what he terms elite urban commerce:

It is not surprising that over 60 per cent of the thirty five founding members of the Cortés Chamber of Commerce in 1916 were immigrants from Europe and the United States, at a time when German, Italian, French, Spanish, and U.S. Citizens accounted for no more than 1,500 inhabitants in the entire country. The founding members of the chamber included three Hondurans, two Britons, one Nicaraguan, one North American, one German and two Palestinian Arabs (1996ii, 31-2).

Jorge Amaya writes that most Palestinian Arabs in Honduras at the turn of the 20th century were ambulant vendors, but that already by 1910 there were at least three important import-export businesses owned by Palestinian-Arab families (117). After 1920, Arabs dominated commerce in San Pedro Sula, and Palestinian immigrants along with other recent immigrants “took advantage of the weakness of the national elite to control the commerce systems in the country” (Amaya 120). According to another account of Arab settlement in Honduras, education and skills “plus Palestinian immigrants’ tendency to stick together and support each other in business and social matters was an excellent formula for economic success on the North Coast of Honduras” (Lopez 121).

In the post second world war period Arab families came to dominate industry in Honduras, and began to intermarry with the old and new rich in the country (Euraque 1996i, 43, 47). From the 1980s onwards, a segment of elite families dominated by Arab-Hondurans, would become key members of the transnationalizing fraction of the national elite.

3.3 Early corporate capitalism in Honduras

As previously noted, Honduras has long been impacted and influenced by outside factors, almost since independence the United States government and U.S. corporations have had a determining influence on politics and the economy in Honduras. In this section, I will develop some historical examples of how this international influence over Honduran politics took place.

From the moment of its independence from the short-lived Federal Republic of Central America in 1838, Honduras was “born in debt and without resources,” a country with a weak central government and a foreign debt of 27,000 pounds sterling (Euraque 1996i, 10).

A flux of foreign capital in the form of U.S. investments first took place in the late 1800s, marking the beginning of the first wave of Honduras’ mining boom. In 1879, just three years after the beginning of Liberal reform in Honduras, the country’s first Liberal president, Marco Aurelio Soto along with U.S. entrepreneurs helped found the New York and Honduras Rosario Mining Company. This company operated tax

and duty free, paid little to its workers, and was provided road access by the Honduran government (Acker 59).

In the years that followed, the Honduran government issued concessions to 276 mining companies in an attempt to instigate mining investment across the country.

By the turn of the century Rosario Mining had bought out most of the smaller mining companies and represented 80 per cent of mineral exports (Acker 59).

But instead of sustaining a mining boom, by 1900 the sector went into a swift decline. “Instead of priming the pump for Honduran enterprise, the mining boom had left unemployment, ravaged hillsides and an empty national treasury,” wrote Acker (59). The New York and Honduras Rosario Mining Company would remain active in Honduras until 1954. Euraque notes in *Reinterpreting the Banana Republic: Region and State in Honduras* that the oft remarked upon foreign control of the banana industry came about only after outside investors took control of the mining sector (5):

In 1897 and again in 1908, the U.S. DFI amounted to only \$2 million. It soared during the next two decades, amounting to \$9.5 million in 1914 and \$18.4 million in 1919. These investments went mostly into the banana exporting industry controlled by U.S. capital. First, however, foreign investors took control of the most important mineral exporting companies, a critical issue often marginalized in discussions of the so-called Banana Republic.

Links between early Honduran governments and foreign, specifically U.S. capitalists began with mining investment, and later facilitated the entry of the U.S. banana companies that would later become known as Standard Fruit and the United Fruit Company.

3.4 Rise of the banana companies

To this day, many believe that Honduras is the quintessential “Banana Republic.” In fact, after the *coup* against Zelaya, John Perkins, author of *Confessions of an Economic Hitman*, wrote “Everyone I talked with there was convinced that the military *coup* that had overthrown the democratically-elected president of Honduras, Manuel Zelaya, had been engineered by two US [banana] companies, with CIA support.” A more detailed analysis of the situation indicates that these banana companies are not nearly as powerful today as they once were, but it also indicates that the structure of ownership of the banana industry with relation to dominant groups in Honduras is markedly different than that of the *maquila* industry with the elites that today dominate the Honduran economy.

The history of banana exports from Honduras began in 1899, when the Vaccaro brothers shipped the first boatload of bananas from Honduras to New Orleans. Together, the brothers would go on to found Standard Fruit. By 1902, railway construction was underway in the north coast to ensure the movement of bananas to the ports. In the years that followed, Standard Fruit, the United Fruit Company and their predecessors would come to exercise an almost complete control over the national economy.

While the Honduran economy was dominated by U.S. based banana companies, the removal and backing of controversial Honduran presidents was closely linked to U.S. capital and political interests. Some of the more blatant instances of U.S. interference in Honduras in favour of the banana companies are outlined below, in the interests of being able to compare and contrast overt U.S. meddling in the first half of the 20th century with the 2009 *coup* against Zelaya.

In 1907, when President Manuel Bonilla was removed from office after an invasion from Nicaragua, the U.S. sent marines to Puerto Cortés to protect the growing banana trade (Merrill 20). Bonilla's successor, General Miguel Dávila, granted a concession for a railway to the Vaccaro brothers, a move which angered Samuel Zemurray, the American owner of the Cuyamel Fruit Company (a company later sold to United Fruit).

Bonilla made an effort to regain the presidency militarily, which he set in motion through a meeting with U.S. mercenaries to plan an invasion of Honduras, financed with money loaned from Zemurray.

By early 1911, Bonilla's rebels had occupied the north coast towns of La Ceiba, Roatán and Trujillo. Though Bonilla would not succeed in overthrowing the government, his maneuvers created enough instability to force President Dávila to take part in negotiations held aboard the *U.S.S. Tacoma*, in which he agreed to step down (Soluri 42). Bonilla would be re-elected in November 1911 after a short period of *de-facto* rule by President Francisco Bertrand, who was chosen by the U.S. mediator.

At the outset of the banana boom, New York based financial institutions purchased Honduras' outstanding debt from Britain. The head of J.P. Morgan in New York headed up negotiations between U.S. banks and the Honduran government, which concluded in 1909. In exchange for refinancing of the mainly British debt, U.S. banks gained control of the Honduran rail system, and the U.S. government "would guarantee continued Honduran independence" (Merrill 22).

Richard Lapper and James Painter provide a concise summary of the political and situation in Honduras from 1912 onwards which is worth quoting at length (26-27):

After 1912, internal Honduran politics became virtually indistinguishable from the activities of the fruit companies, in particular the rivalries between Cuyamel and United Fruit. Zemurray and Cuyamel developed close links with the Liberal Party, while United Fruit allied with the National Party. Politicians were kept on company payrolls and arms were shipped and financed for rival groups of insurgents. Presidents came to power and fell from grace depending on the favours and money of the fruit companies.

In 1914, John Ewing, a US minister in Tegucigalpa, sent a letter to the US State Department. In it, he explained the reach of the United Fruit Company thus: "In order to obtain these concessions and privileges and to secure their undisturbed enjoyment, it [the United Fruit Company] has seen fit to enter actively in to the internal policies of these countries, and it has pursued this course so systematically

and regularly until now it has its ramifications in every department of the government and is a most important factor in all political movements and actions” (Euraque 1996ii, 43-44).

The U.S. would continue to be involved in Honduras, at times through mediation, and other times through blatant coercion, throughout the 1920s, when Honduras became the world’s number one producer of bananas (Barahona 86).

In 1924, a platoon of 200 marines landed in Tegucigalpa after civil war had broken out between Liberals and Nationalists. In a move reminiscent of the resolution of the failed 1911 Zemurray backed *coup*, the peace treaty between Honduran parties took place under U.S. supervision aboard an American warship (Barahona 72).

It is important to note that U.S. military involvement wasn’t limited to the realm of electoral politics. In 1920, a U.S. warship arrived along the north coast of Honduras when labourers on the banana plantations struck. During the height of the banana export period, “extreme political instability was nourished by the inter-banana company strife, which ended in the 1930s” (Torres-Rivas 58). The tumultuous political period that accompanied the rise of the banana export industry in Honduras was marked by a crude form of U.S. involvement in the country, an involvement which would be refined over time.

3.5 The Carías regime and the rise of the Honduran military

In 1932, General Tiburcio Carías Andino of the Liberal Party was elected president, he would remain as dictator until 1949. His 17 year dictatorship would obscure the

U.S. role in the country's political scene, but it would not mark the end of international interference in Honduras' political life.

Carías ruled through repression. His strategy against the opposition parties was known as "*encierro, destierro y entierro*," or "round them up, throw them out, and bury them" (Acker 74). According to Acker, Carías "gagged the press and jammed the prisons. He created and institutionalized dictatorship that combined political, military and economic force" (74). His retirement came under pressure from the U.S., and it signaled a return to conflicts between the Liberal and Nationalist parties, punctuated by military interventions and sometimes *coups* (Acker 75; Merrill 32).

Carías's successor was his hand picked leader of the National Party, Juan Manuel Gálvez, who stayed in office (with a brief interruption during an attempted *coup*) until 1956. Galvez' regime ruled during the historic strikes of 1954, which lasted from April to July and paralyzed the country as more than 35,000 workers, including but not limited to banana workers, went on strike in the north coast cities of San Pedro Sula, La Ceiba, and Tela, as well as in the capital, Tegucigalpa. Of note is that during the strikes of 1954, Arab-Honduran merchants on the north coast (some of who already made up a faction of the country's elite) sided with workers and supported them financially, as the low wages workers were paid and the existence of company stores undermined their consumer base.

The 1954 strikes were carefully followed by the U.S. Central Intelligence Agency (Euraque 1996ii, 96). Euraque quotes a U.S. telegram from the embassy in Tegucigalpa to the U.S. State Department advising that U.S. policy push for a fair

settlement but exclude communist workers and organizers “either by force or by effective public relations” (1996ii, 96). The Honduran government eventually agreed to a settlement which favoured the workers, and it was at this time that many of the country’s existing labour standards were adopted. In 1953, the 29 million pounds sterling worth of interest on Honduras’ initial 6 million pound loan for railway construction was finally paid off. By 1958, the Honduran state, through the U.S. Alliance for Progress program again began to incur foreign debt.

The military seized power from the National Party in 1956 and governed for one year, until it was replaced by the Liberal presidency of Ramón Villeda Morales (Booth, Wade, Walker, 135). In an agreement “probably underwritten by the United Fruit Company and the U.S. Embassy,” Villeda Morales signed off on giving the military autonomy from civilian control (Euraque 1996ii, 73-4).

Merrill states that the military wasn’t favored by Honduran elites, and in the 1950s and after it emerged as “an independent member of the upper sector of society” (86). This rift between the military and members of Honduras’s dominant families may have been a factor that led the military to intervene in the political system numerous times after 1956. Attesting to the power of the military, Booth, Wade and Walker write of their tenacity over the next 40 years “After the 1956 *coup* the armed forces for four decades ruled the nation directly or powerfully influenced civilian rulers from just offstage” (136). Robinson argues that it was the failure of civilian elites to “manage the tensions of capitalist development in the post-WWII period” that provided an entry for military rule embodied in the 1956 military *coup d’état*

(2003, 120). During the decades of the 1950 and 1960, Honduras began to diversify its exports to include sugar, coffee, cattle, and cotton (Robinson 2003, 119).

In 1963, Villeda was overthrown by Air Force Colonel Oswaldo López Arellano, who served two terms and was president until 1975. The 1963 *coup* was carried out against the recommendations a U.S. military commander who visited Tegucigalpa just before the *coup* to try and persuade López not to overthrow the president (Euraque 1996ii, 107).

López's regime allowed for significant land reform, and did not crush politically sophisticated grassroots groups (Williams 178). In fact, "In three short years, from 1973 to 1976, the peasants of Honduras made the largest gains in land access anywhere in Central America from the time of the CIA overthrow of the Arbenz regime in Guatemala in 1954 until the overthrow of the Somoza regime in Nicaragua in 1979" (Williams 180).

It is significant that in many ways the military were more focused on developmental capitalism and nationalist import substitution industrialization than were the democratic governments that followed in their wake.

3.5 The U.S., the military and the rise of San Pedro Sula

Instead of open political interventions in favour of U.S. companies and political interests, from the early 1950s until 1980, the U.S. took a different tact, which involved military aid, behind the scenes pressure and new monetary support.

During this period, they trained at least 1,000 members of the Honduran army and

provided \$6.4 million in military assistance to Honduras (Booth 135, 218). By 1965, the military had become the country's "most developed political institution," controlling the government between 1963 and 1971, and again from 1972 until 1982 (LeFebvre 182; Merrill 147). The evolution of the Honduran army is directly linked to U.S. financed military training and equipment provisions (Chomsky 40).

During the 1960s and 1970s "business and private sector organizations also multiplied and became more active in pressing policy demands upon the state" (Booth 140). The Honduran Council of Private Enterprises (COHEP) formed in 1966, representing private sector merchants, bankers, and industrialists (Robinson 2003, 124).

In the early 1960s, the Bank for Central American Economic Integration and the U.S. Agency for International Development (USAID) began to make large loans, of which the primary beneficiaries were the elite merchants and factory owners from San Pedro Sula, who joined together to create the Honduran Financing Bank (FICENSA). "By late 1965 San Pedro Sula's FICENSA became the main source of long-term manufacturing credit in Honduras and the institutional channel for foreign capital investments, most certainly destined for firms classified under the Industrial Development Law of 1958" (Euraque 1996ii, 84). The creation of FICENSA was crucial in facilitating the extension of U.S. resources to the Honduran private sector, as previously the military had been the main organization to take advantage of U.S. "aid" to Honduras.

By this time, the elite of San Pedro Sula, through the Chamber of Industry and Commerce of [the department of]Cortés, became the most powerful commercial and manufacturing group in Honduras. This indicated that the elites of San Pedro Sula, who worked in close concert with the interests of Standard Fruit Company after the workers strikes, had eclipsed their equivalents in Tegucigalpa (Euraque 1996ii, 89).

Large landowners, ranchers and businessmen in Honduras began to mobilize in the mid-1970s against an army they perceived as too friendly with peasants, workers and the poor. In January 1977 there was a purge of supposed army “communists,” by February the army was attacking peasant organizations (Williams 180).

In 1975 López transferred power to Colonel Juan Alberto Melgar Castro, who was overthrown in 1978 by Colonel Policarpio Paz García. Both men were hard line dictators (Booth 136).

Torres Rivas argues that the integration of Central American economies through the Central American Common Market (CACM) in the post WWII period caused new social groups to emerge, including “the state, the local industrial and financial bourgeoisie, and children of the landowning oligarchy,” together creating the social base necessary for foreign investment (104). Though the functioning of the CACM was seriously disrupted by the 1969 soccer war between Honduras and El Salvador, the social and economic base created during this long period of military rule would serve as a jumping off point for the project of democratization in Honduras. It also served as the soil from which the transnational economic project would germinate

and grow to dominate the country's bipartisan political system by the end of the 1980s.

4 Transitions to democracy and transnationalism

4.1 The U.S. backed transition to democracy

The transition to democracy in Honduras again redefined that style of U.S. involvement in the country's military, political and economic affairs. The intense U.S. militarization of the country took place along an aid program in which popular organizations were co-opted into the system rather than being wholly excluded. According to Robinson, during this time "millions of dollars in AID funding went to grassroots sectors in an attempt to achieve their subordinate incorporation into the project rather than their coercive exclusion" (2003, 122).

A constituent assembly was elected in 1980 under the military government of Paz Garcia, participation was limited to members of congress from the two main political parties. The outcome was the Constitution of the Republic, approved in 1982, which was released one week after the election of Suazo. With some exceptions, like the addition of the rights of children, this constitution (which, though amended, remains the version used today) remained in many ways fundamentally unchanged from prior versions prepared under military rule. Indigenous and Afro-Honduran population are not given special recognition, and the document does not include an impeachment clause. It does provide for de facto military autonomy and contain provisions that are not subject to amendment, including term limits and the process of constitutional amendments (U.S. Library of Congress). The Constitution of 1982 reflects a particular constellation of forces including a military government formally handing power to a civilian government

while vying to maintain their autonomy, as well as a moment in Honduran history when many civil society groups were focused on the return to rather than on determining that the rights of their constituents (be they *campesinos*, Indigenous peoples, women's organizations, or otherwise) be included in the Constitution.

Pressure from the United States pushed the military to aid in a transition towards a civilian democracy which was finalized in 1982, with the election of Liberal Roberto Suazo Córdova. The U.S. was involved in the transition to democracy in Honduras, and "although the Carter administration never severed military assistance to Honduras, it pressured General Paz to relinquish power" (Booth 136). After the 1981 elections, the U.S. immediately indicated their preferred policy action on the civilian government by coming out with a series of recommendations known as Reganomics for Honduras, released by then ambassador to the U.S. John Dmitri Negroponte days after Suazo's election (Hernandez 1983, 93).

According to Torres-Rivas, the 1981 election "initiated a process of constructing electoral democracies and opened the road for the return of the Liberals to civil power and the reinforcement of U.S. influence" (126). Robinson notes that "the resumption of electoral processes helped to forestall popular mobilization in the face of deteriorating social conditions" (2003, 122).

For Hondurans, the transition towards democracy (or polyarchy, as convincingly argued by Robinson) resulted in the closure of traditional political spaces, an increase in repression, and the imposition of economic and military programs at odds with popular opinion (Barry 17). Robinson defines an exclusive focus on

elections, which limits “the focus to political contestation among elites through procedurally free elections, the question of who controls the material and cultural resources of society, as well as asymmetries and inequalities, among groups within a single nation and among nations within the international order, becomes extraneous to the discussion of democracy,” as a polyarchic system (1996, 62). Thus a newly democratized Honduras, in which civilian politicians come to replace military dictators and procedurally clean elections were held, while popular sectors were left out of the democratic sphere, very closely resembles a transition to polyarchy, not democracy.

The Suazo/Regan years saw the implementation of a “national security” doctrine in Honduras that resulted in the construction of offensive U.S. military bases and a surge in U.S. and foreign troops. “Honduran society was altered by becoming the location of three non-national armies and was converted into the aggressive military axis of U.S. foreign policy” in Central America (Torres-Rivas 127). According to Williams, “the powers of the secret police and the reactionary elements within the military were reinforced when the U.S. government began the unprecedented military buildup of Honduras following the ouster of the Somoza regime in Nicaragua in 1979” (182). U.S. troops in Honduras had a three part mission: crush incipient revolutionary (armed and popular) movements inside Honduras, provide a military backbone of stabilization during the transition to democracy, and wage war on revolutionary movements in neighboring countries (Robinson 2003, 123).

In 1981, U.S. military aid to Honduras spiked. Over the next four years, the U.S. would provide \$41.48 million in military assistance to Honduras, second only to El Salvador in the region (Booth 218). Between 1985 and 1992, the U.S. would give another \$83.33 million to the government of Honduras, earmarked for military spending (Booth 218). During the decade between 1980 and 1990, Honduras received \$1.6 billion in economic and military aid from the U.S. (Robinson 2003, 125).

In a pattern familiar in other Central American countries, by 1983, there were death squads in Honduras targeting political activists for murder or disappearance (Booth 137). During the 1980s in Honduras there were at least 180 people disappeared and hundreds of political dissidents were murdered, representing a significant amount in such a small country, but reflecting only a fraction of the level of violence being wrought in Guatemala and El Salvador (Fernández 32). According to former U.S. Ambassador to Honduras Jack R. Binns, “one of the bitterest ironies was that Honduras’s human rights record deteriorated sharply under a democratic government, in part because U.S. policy makers deliberately closed their eyes to growing abuses” (Binns 2).

Not only was there a build-up in the presence of the U.S. military. The U.S. also funneled money into Honduran civil society and the private sector often via the USAID. According to the U.S. State Department, at this time, “Honduras became host to the largest Peace Corps mission in the world, and nongovernmental and international voluntary agencies proliferated.”

1980 to 1984 was a period of economic stagnation in Honduras, during this period agriculture represented one third of the country's Gross Domestic Product (Vinelli, 103). Part of the reason for the economic stagnation in Honduras was the exorbitant level of debt incurred by the state. "In effect, the Honduran foreign debt, which in 1978 stood at 696 million dollars, equivalent to 36.5 percent of the Gross Domestic Product, reached 1,800 million or more than 50 percent, in 1983" (Vinelli, 107).

In one of the early political moves towards institutionalizing transnationalism, the U.S. government signed the Caribbean Basin Economic Recovery Act (CBERA) in 1984. CBERA was part of a series of policies known collectively as the Caribbean Basin Initiative (CBI). The CBI would provide favorable condition for export led development in the *maquila* sector. According to the World Bank, while "this act did not grant textiles tariff-free access to U.S. markets, it did exempt them from the Multifibre Arrangement (MFA) as long as they were assembled using U.S. inputs," (Robertson 177). By encouraging Caribbean countries to assemble garments using imported U.S. cloth, the CBI explicitly made clothing production into a transnational activity. In addition, the CBERA carried with it a number of mandatory criteria for all countries that participated in it, which among other things stipulated that they not be communist, that they not nationalize property of U.S. citizens, and that they be party to an extradition treaty with the U.S. Even so, it wasn't until 1990 that the government of Honduras would introduce economic measures and policies that fully institutionalized the open markets and government policies synonymous with transnationalism.

4.2 Transnational elites gain coherence

With the onset of democracy/polyarchy in the 1980s, a transnationally oriented segment of the national elite began to gain coherence in Honduras, and towards the end of the decade they gained the upper hand over national capitalist groups (Robinson 2003, 118, 125). Many members of the transnationalizing segment of the elite in Honduras were former national capitalists who chose to join as junior partners in the global project of transnationalization.

The 1985 election of Liberal President José Azcona Hoyos “represented a new modernization-oriented agro-industrial and manufacturing faction of the liberal party” (Booth 143). Already, transnational elite groups in Honduras were exerting influence on both the National Party and the Liberal Party.

In the 1980s, 22 per cent of wealth in Honduras was held directly by transnational corporations, while 26 percent of the wealth in Honduras was controlled by eleven families of Arab (particularly Palestinian Christian) descent, with family names including Facussé, Andonie, Bendeck, Kafati, Kattan, Larach, Canahuati, Hasbun, Sikafy, Handal and Kafie (Euraque 1996i, 276). An additional 29 per cent of wealth was held by traditionally wealthy families, many of whom were of European descent.

During this time, AID bankrolled the formation of almost two dozen business associations and private sector organizations that responded to the demands of transnationalism (Robinson 2003, 125). These included the Foundation for Investment and Export Development (FIDE), the National Council to Promote

Exports and Investments, the Federation of Agro-Export Producers, the National Association of Honduran Exporters, and the Honduran American Chamber of Commerce, among others (Robinson, 2003, 125). Half of the \$711 million in economic aid from the U.S. to Honduras between 1980 and 1990 went directly from the U.S. government to private sector groups, “entirely bypassing the government” (Robinson 2003, 125).

One notable exception to AID funded groups was COHEP, the main national business organization, which throughout most of the 1980s was controlled by “national capitalists tied to the older national circuits of accumulation and state-sponsored development strategies” (Robinson, 2003, 124). In 1988, when a member of the transnationalizing faction of the elite, outward oriented *maquila* owner Richard Zablah became the organization’s president, AID funding was restored. The trajectory of U.S. funds in the stimulation of the private sector in Honduras is distinctly aligned with a project to open up the economy and create the conditions for foreign direct investment. This in turn empowered a section of the Honduran elite that has since achieved political hegemony in Honduras.

4.3 Transnational elites ascend to the presidency

Azcona’s presidency was followed by the election of the leader of the transnational faction in the National Party, Rafael Callejas, in 1989. According to Robinson, “Callejas drew his cabinet from private-sector figures and foreign educated economists closely tied with AID programs” (2003, 127). Callejas himself was a U.S. educated member of a prominent elite family who aligned himself with the

transnationalizing sectors in Honduran society. After his election, Callejas and his top supporters were able to agree on a basis of unity with the transnationally oriented wing of the Liberal Party, and thus consolidate transnational hegemony across the bi-partisan system.

Callejas “agreed in March 1990 to the first of three major structural adjustment programs negotiated with the IMF, USAID, and other international lenders” including the World Bank and the Inter American Development Bank (Booth 144; Robinson 2003, 129). This agreement, known in Honduras as “*el Paquetazo*” encouraged foreign direct investment in non-traditional exports, tourism, free trade areas, *maquiladoras* (sweatshops) and ushered in currency devaluation and fiscal austerity measures (Booth 144). Callejas combined the International Financial Institutions’ focus on debt reduction and macro economic stability together with nationalism to instigate and facilitate a transition towards transnationalism. In 1990, Honduran exports to the U.S., by far the country’s largest trading partner, were worth \$429 million, and exports to Canada a mere \$2 million (Foreign Trade Information System). By 2007, according to the same data set, exports to the U.S. were worth \$3.728 billion, and to Canada, \$115 million.

The Structural Adjustment Program (SAP) signed by Callejas eliminated protectionism for small and medium-sized businesses in Honduras, who would find they could no longer compete with larger (transnational) corporations (Hernandez 75). According to Honduran economist Alcides Hernández, the SAP and the economic stabilization program embarked upon by the Callejas regime “legitimized

the rising rate of unemployment, the fall of net salaries, the deterioration of social services in the public sector, and the conversion of the state into a subsidiary of private export capital, which would likely become the most important emerging source for capital accumulation in the current economic crisis” (2007, 60).

4.4 Transnationalism and the *maquila* sector

The Honduran *maquila* sector got its start in 1976, when Melgar Castro created the first free trade zone in the Department of Cortés, which was expanded in 1979 to various other urban areas on the north coast (Fernández, Martínez, 43). The first company to open a garment factory in Honduras was U.S. blue jeans company Wrangler, under the name Warnaco. Companies operating in the free trade zones were not subject to import tax, federal, local or district taxes, or income tax, and were under the jurisdiction of the National Port Corporation (ENP). By 1987, a new series of regulations were introduced that essentially privatized the free trade zones, which were renamed Industrial Processing Zones (ZIPs) (Fernández, Martínez, 44). According to U.S. anthropologist Adrienne Pine, from 1998 to 2002 the Honduran Apparel Manufacturers Association (AHM) claimed to be the number one apparel supplier to the U.S. market, and in 2002, the third largest such supplier globally (130).

From 1990 until 1996, *maquila* businesses located in export processing zones would swell from 26 to almost 200 (Robinson 2003, 129). By the turn of the 21st Century, the Greater Caribbean Basin region had the most intense concentration of export processing zones in the world (Robinson 2003, 160).

In 2007, there were 342 factories located among 26 Honduran ZIPs, of which 169 were textile assembly, 71 commercial assembly, 68 “other” activities, and 13 vehicle component assembly areas (Fernández 54). Approximately one third of the companies were each owned by Asian, U.S. and Honduran companies, with a small minority held by “other” nationals, including firms based in Canada (Fernández 54).

The rise of the *maquila* industry in Honduras happened in parallel to the rise of a new elite class. According to Robinson, “...the booming *maquiladora* sector became an important site of transnational class formation within the Honduran elite” (2003, 129).

4.5 Demilitarization and the consolidation of transnational governance

Callejas was replaced by Liberal Carlos Roberto Reina in 1994. Reina campaigned as a populist only to sign another SAP. By this time, the IFI oriented macroeconomic policies that had been promoted throughout the 1980s and adopted by Callejas became the norm in Honduras. Even while local economic conditions continued to decline, the transnational elite continued to benefit from so called austerity measures within Honduras. By the mid 1990s they were clearly the most powerful economic sector in the country, and by the 20th Century their power increased as Reina decreased military budgets. The concentrated power of the Honduran elite was noted by the U.S. State Department, which noted in 2008, “Many observers argued that a small elite exercised considerable control over the country's economic, judicial, and political institutions, which created the potential for abuse of

the country's institutions and democratic governance” (Bureau of Democracy, Human Rights, and Labor).

Reina’s military cutbacks were in part a response to the changing geopolitical context of Central America at that time. U.S. funding for the Honduran military began to drop, to \$500,000 in 1995 and \$325,000 in 1995 (Ruhl 49). Revolutionary movements in surrounding countries had been violently repressed, and peace accords were drafted and signed.

Throughout the 1990s, COHEP and other business groups took a strong position against the Honduran military, giving “the [anti-military] movement unexpected breadth” (Ruhl 43). Private sector support for peace may have been a result of the fact that the war became “unnecessary and unproductive for the transnational agenda,” whose backers felt constrained by the military (Robinson 2003, 130).

Reina was replaced in 1996 by Carlos Roberto Flores Facussé, who again criticized the IMF during his campaign proceeded to sign a third structural adjustment agreement that strengthened the now familiar *maquila*, tourism and agro-export industries (Booth 145). The Facussé family is one of the most powerful in Honduras, affecting policy through the “Facussé group” in the early 1980s, as well as through extensive media holdings.

During Flores’ presidency, it was reported that cabinet meetings “were held in the board room of one of the country’s largest banks, of which the Minister of Governance was the director” giving transnationally oriented groups direct access to policy making (Robinson 2009, 184).

When Hurricane Mitch hit Honduras in October 1998, 11,000 people were killed and 2 million were made homeless (Booth 145). In an example of what Naomi Klein has branded the “Shock Doctrine,” Mitch was used as an excuse to change national law, including the Mining Law, in order to improve conditions for foreign direct investment. Though following Mitch the country was allowed to suspend payments on US\$4.4 billion debt (amounting to 46 per cent of annual budget), “this restructuring of Honduras’ debt and the extension of additional loans required the Flores administration to pursue structural adjustment policies while pledging to reduce poverty” (Booth 145).

Ricardo Maduro’s presidency, from 2002 to 2006, was the first minority government since 1982 constitution. During his rule, the security situation in Honduras grew desperate. By then, there were an estimated 100,000 gang members in Honduras, and the country was experiencing an escalation of gun violence and extrajudicial killings, particularly of street youth.

Maduro himself was a Stanford educated National Party politician and former chair of the Bank of Honduras. In 2003, Maduro sent Honduran troops to Iraq as part of the U.S. mission entitled “Operation Iraqi Freedom” (Schmitt).

During Maduro’s regime, the failure of the SAPs and the export development led model to deliver on promised benefits became a mainstream political issue. Not only had these policies failed to reduce poverty in a significant way over a decade since *el paquetazo*, “throughout the 1990s, the Honduran economy experienced stagnation of productivity growth in manufacturing exports, a highly volatile export

diversification, inconsistent export promotion strategies and chronic fiscal indiscipline” (Cuesta 336). This meant that the Washington Consensus in Honduras was undergoing an even more serious questioning by political actors (in addition to resistance movements, who had been organizing against SAPs since the 1990s). It was into this context that José Manuel Zelaya Rosales was elected in 2005.

4.6 Zelaya and the crisis of transnational bipartisanship

Zelaya was elected president as a member of the Liberal Party in November, 2005, and removed from the presidency on June 28, 2009 during a military *coup d'état*. Throughout most of his term in the presidency he could have been considered a political moderate, though he did make concessions including raising minimum wage, teachers' pay, and cutting elementary school tuition. Like Maduro, Zelaya is from an elite family, he worked in the logging and agricultural industries and later in government before being elected president. In fact, *coup* backer Adolfo Facussé told AP after the *coup* that “Mel Zelaya is one of us and — well — it just got out of his control. But the people think that he is an instrument of Chavez and that the fight is with Chavez” (Lee).

Zelaya's presidency came at a time of increasing protest and resistance among Honduran civil society, unhappy with the policies that made so many people impoverished. According to *The Economist's* assessment of Zelaya's first year in office, “simmering social tensions have resulted in around 200 protests since the government took office, and there is a risk of more of these in the future” (Economist Intelligence Unit 1).

Eventually, Zelaya began ceding more and more ground to popular movements. Historian Dario Euraque explains: “for the first time in Honduran 20th century history and actually 19th century history, you have a president, with all his failures and problems and issues that most of the opposition points to, but the fact is that this president, who himself comes from the elites of Honduras, put out not only a discourse but even many policies that fundamentally questioned the political system of Honduras” (2009, Personal Communication).

After Zelaya raised the minimum wage (the increase did not affect the ZIPs) the Honduran National Industrial Association (ANDI) issued a threatening statement that read: “Now that there is an inevitable necessity to take measures that nobody would have wanted, or to close businesses, and add threat to the insult, President Zelaya and his acolytes in the union movement are obliging the business sector to defend themselves and without wanting to, will awaken the tiger” (Facussé 18).

Local business associations were up in arms against Zelaya before he was removed by the military, even though just three months before his deposal, Zelaya received a delegation of representatives from the IMF, who “[thanked] the authorities for their hospitality and discussions held with the private sector, congress, presidential candidates, and civil society during the stay” (International Monetary Fund, 1).

Zelaya’s move towards opening a path for a Constitutional Assembly created massive opposition among elite factions in Honduras. The significance of the possibility of a *Constituyente* (Constituent Assembly as it is known in Honduras) was not lost on members of the country’s poor majority, many of whom saw changing

the constitution as beginning the kind of systemic change necessary to make Honduras a more equitable country.

Zelaya was removed from his home by the army early in the morning of June 28, the day that a preliminary vote on Constitutional reform was planned. Euraque relates that Zelaya drove the already precarious situation of the bipartisan political system towards a crisis by opening up the possibility of a constitutional assembly.

The Honduran National Business Council (COHEP) sent out a press release the day after the *coup*, stating, “what occurred today [sic] was not the changing of one president for another; today, framed in national unity, the respect for the Constitution, national laws and institutionalism was achieved” (COHEP June 29, 2009, 2). ANDI also sent out a press release in support of the *coup*, claiming the event marked a return to constitutionality. “President Zelaya provoked with this attitude a rupture in the rule of law, as a consequence, it is the same ex president Zelaya who has provoked a *coup d’état* by disregarding and disobeying the ruling of the judiciary while invested with presidential powers” (ANDI, 1). Zelaya was replaced by Roberto Micheletti Bain, who served as president until the inauguration of Porfirio Lobo Diaz in January of 2010.

The Honduran Association of Manufacturers (AHM) is a member group of ANDI. They provided a huge Honduran flag and white t-shirts for people who took to the street in unprecedented pro-*coup* marches in San Pedro Sula and Tegucigalpa. According to Euraque (personal communication):

Never in the history of Honduras has there ever been a mobilization along the lines of this white t-shirt [march]... part of the way to try to see how new that was, was that they didn't have a culture of resistance, of mobilization, so a lot of their music and placards and the paraphernalia... was not even local. A lot of it was borrowed from Venezuela, Cuban Americans, lots of it was in English, peppered with English phrases, and so forth, and very manufactured, placards and so forth.

The AHM actively organized marches (primarily by forcing their workers to attend) before the *coup* in the same style, which were marches against Zelaya and against Constitutional Reform. Though they provided material supplies (textiles), AHM has not admitted to asking their workers to attend *pro-coup* marches.

After the *coup*, the Honduras Chapter of the Business Council of America, headed by Camilo Alejandro Atala Faraj and coordinated by Miguel Mauricio Facussé Saenz, hired infamous U.S. lobbyist Lanny Davis to lobby against the return of President Zelaya to Honduras, in contravention to the San José Accords (Goodman). "I do not represent the government and do not talk to President [Roberto] Micheletti. My main contacts are Camilo Atala and Jorge Canahuati," Davis told the *American Prospect* in July 2009 (Lovato). As one response to the coup, along with an official condemnation, the administration of President Barack Obama annulled the visas of Hondurans linked to the coup, including that of the president of ANDI, Adolfo Facussé.

The 2009 *coup* is different from previous *coups* in Honduran history, which were generally either carried out under pressure from the United States, or carried out by the army for their own sake. This time, however, it appears that an important section of the Honduran elite, specifically the transnational elite as represented by people like Camilo Atala and Jorge Canahuati and the Facussé family, as well as organizations like ANDI, AHM, and COHEP, supported the army (some might say manipulated the army) as they removed Zelaya from the presidential residence. Even though it was clear to observers from all points on the political spectrum that the Honduran armed forces violated the constitution when they removed Zelaya to Costa Rica, Honduran business elites and the Honduran army, along with some members of the judiciary, congress and the Catholic Church insisted that the *coup* did not represent an interruption in the country's democracy. This again contrasts previous *coups* in Honduras, which were blatant military operations whose leaders did not attempt to mobilize the civilian population so as to appear to be fulfilling a democratic mandate. Democracy, or at least the appearance of democracy more accurately called polyarchy, and stability are necessary to maintain and attract foreign direct investment, which are key sources of income for the transnational elite, thus it was important for members of the transnational elite in Honduras to maintain an appearance of stability even as they assisted in the execution of a military *coup*.

As I traveled around Tegucigalpa a full six months after the *coup*, graffiti against “turcos” – a Honduran slang term for the Arab businessmen that are among the most influential in the country – was impossible to ignore. Euraque explains that negative

sentiment against this group had never been publicly demonstrated in the past, and that it stemmed from the role of these elites, consisting of some of the families mentioned above, including the Facussés, the Ferraris, the Canahuatis, and the Atalas. According to Euraque, “what the elites basically decided to do, and especially that sector of the Arab [elite] which is you know the most important sector as I mentioned... They basically said there is no way out here other than to cajole the military into thinking that what’s at stake here is not just the defense of us, it’s the defense of the nation, against Hugo Chavez” (Personal communication, 2009).

COHEP itself has claimed that graffiti and public statements against “Turcos” could be taken as direct assaults on the Honduran business community. “Traditionally, the term “turco” has been erroneously associated with people of Palestinian descent and to the service activities and more specifically to the large capital generated by them” (COHEP, 10). Dana Frank, writing for the North American Congress on Latin America, points out that “Many Hondurans on the left are quick to underscore that the oligarchs who perpetrated the *coup* and who control most of the country’s wealth are of Palestinian descent, known popularly as *los turcos*, and not, in their view, Honduran; hence the widely seen graffiti demanding *Fuera Turcos!*”

Coming back to the theoretical framework of transnationalism, it is apparent that many of the most powerful families in Honduras today rose to prominence through their activities linked to managing free trade zones, export oriented manufacturing, media ownership, tourism and ownership of U.S. franchises (of fast food restaurants, for example) have Palestinian origins (Paley, NACLA). However it is certainly not the ethnicity of the Honduran elite that has led them to supporting a

coup. Of importance to the journalist is their connection with transnational businesses and global finance.

Though the *coup* was initially condemned by the international community, including the U.S. and Canada, only some Latin American countries and the Organization of American States maintained formal sanctions of the *coup* after the election of Lobo in November of 2009.

It is only by relying on a transnational analysis that we can begin to understand the movements and positioning of Honduras' most powerful elite class with relation to the *coup*. The majority of the news coverage of Honduras relied on third world tropes about political strongmen and outside influence, without taking into account the transnationally linked elite class that had much to lose if the bipartisan political system was dismantled for deepening democracy, a process which could have been the outcome of a constitutional assembly.

5 Feature journalism on Honduras

5.1 Introduction to works of journalism

In December of 2009, I traveled to remote regions of Honduras to prepare a series of pieces of feature journalism related to the aftermath of the *coup* in Honduras. Had I not studied transnationalism, I likely would have missed many of the crucial power dynamics at work behind the scenes in Honduras.

5.2 In Honduras, ratings zoom for radio watchdog

This piece, published on a Vancouver based independent news website, provides an accessible glimpse into the context surrounding the coup, from a media analysis perspective.

Running any kind of business during a *coup d'état* isn't an easy chore. Running a commercial radio station that speaks out against the military and the interruption of democracy in the eye of the storm is an even more daunting — and dangerous — task.

For the journalists at Radio Globo in Tegucigalpa, Honduras, the months since the June 28 *coup d'état* have meant death threats, raids by the armed forces, the destruction of transmitters, confiscation of equipment, and a presidential decree designed to shut them down for 22 days.

The station is on the second floor of a corner building on a busy street, just outside of the city's downtown core. It is bare other than basic amenities and a two room broadcasting studio. The smell of gasoline permeates the station, and two

generators in the corner of the station manager's office are a reminder of the reoccurring electricity cuts imposed by the *de facto* government.

It wasn't always like this. The station, which celebrates its tenth anniversary today, started off as a music channel. After three years of 24/7 music and a low listenership, the station's managers decided to make a strategic shift towards what David Romero, the station's director, calls news that's "more linked to the people."

Everything changed on June 28, the day the nation was supposed to vote in a non-binding plebiscite to determine whether there was sufficient interest to begin investigating a public, participatory process of constitutional reform. A tug-of-war between the president, his supporters, the Supreme Court, congress and the army about the reform process was already underway, but few suspected that the outcome would be so harsh.

Warned, then raided by military

When David Romero, director of Radio Globo, arrived at the station at five in the morning for his daily morning show on June 28, he saw soldiers positioned outside the station.

"That caught my attention, and immediately what I thought was 'this is a *coup d'état*,'" said Romero. The first thing he did after entering the station was check what his competition — the other two corporate news channels in Honduras — were reporting, and "they were not saying anything about the *coup d'état*," he said.

As a journalist with decades of experience under his belt, Romero knew he had to make a quick decision — either report that the military was outside the station and something was amiss, or ignore it. “It took me about 30 or 40 seconds to make the decision. And the first thing I did was to announce that there was a coup in Honduras.”

By noon, Romero received a call from an army spokesperson, warning him to “lower the pressure,” and “tell the truth.”

“So I said, look, colonel, we are telling the truth. There has been a *coup d’état*, and that’s what we’re telling the world — that there is a *coup d’état*, and the world already knows that,” said Romero.

Later that evening, the military stormed the station, and began removing people from the building out into the street. Romero escaped through the back window. He was back on the air the next day — but not before having been taken to the central army base in Tegucigalpa, where he was brought before army boss General Romero Vásquez Velásquez, who asked him to lower the profile of the station.

Attacks against station continue

Romero and his team of journalists didn’t cave to the demands of the military. Instead they continued to air live coverage of the coup as it continued to unfold through the summer and into the fall. A handful of other national media followed suit, but they were in the minority.

The corporate media in Honduras got behind the coup and their backers, says Romero, because the journalists were encouraged to cover the events to serve the interests of station owners — who are among the richest and most powerful members of Honduran society — instead of serving the public interest.

The attacks against Radio Globo haven't stopped. In August, their transmitters were sabotaged, and in September, the military raided the station in conjunction with a suspension of constitutional rights and the imposition of a decree allowing the government to shut the station down.

“Decree 124-2009, a measure published in the official gazette on Oct. 7th, allows the authorities to suspend any programme or media ‘fomenting social anarchy’ — and, without saying so openly, is targeted at those that oppose the coup,” said Reporters without Borders in an Oct. 21 press release.

Radio Globo's journalists turned towards the web after their equipment was seized, launching a clandestine version of the station online which has seen more than one million listeners, including more than half a million people from outside Honduras.

Radio Globo journalists were back on the air as soon as the decree was lifted.

Reflecting on the period since the coup, Romero says it's been a struggle, but worth it.

Good for ratings

“If we hadn't reported on the coup right away, we'd be like the rest of the media here — tranquil and trying to compete for second or third place,” he said. Since June,

the station has seen their market share rise from seven to 28 per cent. They've gone from relative obscurity to international acclaim for their work, winning a prestigious Spanish award for best radio station.

Most of all, says Romero, they've served the people of Honduras.

"We've always believed that Honduras needs profound changes, and that the oligarchy which has caused this country to be in a state of poverty that compares to that of Haiti can't keep running the country," he said. "And the radio took on that commitment."

5.3 Canada, Honduras and the *coup d'état*

This piece was published by The Dominion, a national grassroots newspaper in Canada. It aims to explain the coup to a Canadian audience who may have some, but not much, familiarity with the events of June 28, 2009.

Last summer's coup in Honduras put the small, Central American country perhaps best known as the original banana republic, back on the map.

In the months since President Mel Zelaya was removed from his home by the military and flown from the Honduran capital to Costa Rica on June 28, much has been made of the crisis.

Hundreds of thousands of Hondurans have protested the coup, denouncing the military, the local oligarchy and the US as the main perpetrators of Zelaya's removal.

Zelaya's critics, which include the most powerful sectors in Honduras, say he was removed from office because a non-binding referendum on opening up the process of a Constitutional Assembly was illegal.

Reports of US involvement emerged immediately: the plane that flew Zelaya out of the country stopped to fuel up at Palmerola, a joint US-Honduras air base less than 100km from Tegucigalpa. Shortly after the coup, powerful pro-coup Hondurans sent a delegation to the US and hired lobbyists in Washington, DC. US trade and commercial interests with the small Central American country abound.

But the extent to which countries like Italy, South Korea, Taiwan and Canada, all of which have significant trade and investment links with Honduras are connected to the coup has remained largely unexplored.

In Canada, with the exception of a few editorials in the mainstream media, little attention has been paid to what is certainly one of the most important events in the hemisphere over the last decade. While Canada's links to Central America are much less significant than those of the US, they are still worth exploring.

Far from calling for the return of Zelaya to power and condemning the military's actions, Canada's good-neighbour ambiguity has ignored the violence unleashed by the coup regime, and the position of organizations such as the UN General Assembly, whose members demanded that Zelaya be allowed to return to the presidency.

Canada also declined to condemn the military and the coup government after massive peaceful resistance marches across Honduras were violently repressed by

the coup regime, which also moved to temporarily shut down radio and TV stations critical of the coup. Detentions, torture, disappearances, beatings and murders of anti-coup activists have continued unabated since the coup.

On November 29, the de facto government presided over the country's regularly scheduled presidential elections. Dr. Juan Almeyda, former presidential candidate and ex-rector of the Autonomous University of Honduras, calls the November elections a "second coup."

"We are faced with a situation that's very delicate, where there was a military coup, where a president is named, and then there is a second coup, which was the election, the fraudulent election," he said in an interview at his clinic in Tegucigalpa.

Almeyda points out that the same soldiers that have beaten, tortured and killed Hondurans were responsible for guarding the ballot boxes on November 29.

"There is no doubt that there was fraud, because they were illegitimate elections," said Almeyda.

Regardless, Canada's Junior Foreign Minister Peter Kent's praise for the country's controversial elections was glowing.

"While Sunday's elections were not monitored by international organizations such as the Organization of American States, we are encouraged by reports from civil society organizations that there was a strong turnout for the elections, that they appear to have been run freely and fairly and that there was no major violence," said Kent.

Laudatory press releases aside, Canada has yet to formally recognize the elections, which it will not be required to do until January 27, inauguration day for President-Elect Porifio Lobo. Honduran media report that Kent continues to pressure Lobo to find a way to remove de facto President Roberto Micheletti from office before that date.

Honduras is one of the Canadian International Development Agency's (CIDA) target countries, and the top recipient of Canadian development funds in Central America. In 2007-2008, CIDA disbursed \$17.9 million in government-to-government aid to Honduras.

According to the CIDA website, the organization has given funds for use in education, sanitation and governance, through which its partners have "trained civil society groups in social auditing and improved the transparency of government spending."

Among CIDA's previous activities in Honduras is a three- million-dollar "trade readiness" program, which included a component focused on "addressing issues related to [...] consensus-building around international trade agreements."

In addition, the Canadian Department of Foreign Affairs and International Trade disburses part of their Counter- Terrorism Capacity Building Fund, destined for police training, to Honduras, and the Department of National Defence runs a Military Training Program that includes the participation of Honduran soldiers.

On the financial front, it is possible that Canadian companies active in Honduras will see an improved investment climate stemming from the political crisis.

The corporate sector in Honduras, which includes national and foreign businesses with operations in the country, supported the coup, as did the military establishment and religious institutions.

A leaked June 26 memo from the Chamber of Commerce in Tegucigalpa asked members to donate amounts upwards of \$1,000 “in defence of democracy and social and economic liberties” two days before the military removed Zelaya to Costa Rica.

The Honduran National Business Council (COHEP) sent out a press release the day after the coup, stating, “What occurred today [sic] was not the changing of one president for another; today, framed in national unity, the respect for the Constitution, national laws and institutionalism was achieved.”

Canadian corporations such as Montreal-based Gildan Activewear and Scarborough-based label maker Mayfair Canada are members of the Honduran Manufacturing Association (AHM), which itself is a member of COHEP. They are joined by Calgary's Merendon, a jewelry company whose directors are charged with defrauding shareholders in what the RCMP have called one of the biggest Ponzi schemes in Canadian history.

Following the coup, the AHM sent out a press release, stating, “Notwithstanding the political crisis that Honduras is experiencing, we recognize that our Constitution is in effect, that the three branches of the government have not ceased to exist and

perform their functions, that the economic, financial labour and social activities are being performed as usual without violation from the government of Honduras.”

Canadian investments in Honduras are not limited to the manufacturing sector. Mining corporations Yamana Gold, Breakwater Resources and Goldcorp all have investments in the country, and all three companies are members of a national metal mining association, ANAMIMH, which is also affiliated with COHEP. The coup came before the final reading of a new mining law before congress, which would have restricted mining in the country and banned the use of cyanide in Honduras.

“The [mining] law was proposed to favour communities, but the mining companies have turned it around,” said environmentalist Carlos Amador in an interview at his home in El Porvenir. He expects the law that will be passed in 2010 by Lobo’s government to be the opposite of the proposal, and encourage more large-scale, transnational mining in Honduras.

“It’s like in 1998 when [Hurricane] Mitch hit Honduras: they’re saying that the only way to improve the Honduran economy is to open the doors to investment in mining,” said Amador.

In focus: Canada-Honduras economic ties. Canadian exports to Honduras in 2008 were worth \$86,850,495, and imports from Honduras \$151,574,812, amounts that have grown steadily over the last 60 years.

Honduras was the last country in Latin America with which Canada reached a “most-favoured-nation” agreement, which was signed in Tegucigalpa 1956 by

Canada's then-ambassador to Cuba. Most-favoured-nation deals were predecessors of modern-day free trade agreements, designed to reduce tariffs and eliminate trade barriers.

At that time, Canada was exporting about half a million dollars a year in goods to Honduras, mostly in leather, flour, tires and powdered milk. A full 90 per cent of Honduran exports to Canada were bananas, worth closer to a million dollars annually.

By 1975, Canadian exports to Honduras were worth \$8.1 million, climbing to \$24.2 million by 1980.

Negotiations for a free trade agreement between Canada and four countries of Central America (Guatemala, Honduras, Nicaragua and El Salvador) began in 2001. Negotiators last met in February 2009, but according to Foreign Affairs Canada there are no more rounds of negotiation planned at this time.

5.4 Reviewing the coup

This piece was written for the U.S. based progressive media outlet Z Magazine. It is written for a U.S. readership with little to no knowledge of the events of June 28, 2009.

The last Sunday in June began normally for Evangelica Argueta, an organizer with the General Workers Confederation (CGT) in Honduras. She woke up in her home in San Pedro Sula, prepared breakfast, and got ready to head to church with her family. Afterwards, they were going to go vote in a non-binding plebiscite about what Hondurans call the *cuarta urna* (the "fourth urn"). If passed, the *cuarta urna* would

have put a fourth question on the November 29 ballot, asking Hondurans if they were for or against beginning a process of constituent assembly to rewrite the Constitution of Honduras.

But what was supposed to be a day celebrating popular participation ended up being what Argueta describes as the darkest day in Honduran history. At 7:00 AM, as Argueta was about to go out the door, she heard on the radio that there was a military coup against José Manuel Zelaya Rosales, the elected president of Honduras. “We heard that there was a coup d’état at 5:30 in the morning, that they shot up the door of his house, and he had been removed in his pajamas and taken to Costa Rica,” she said.

Instead of going to church, as she had every Sunday, she went immediately to the central park. By the time Argueta arrived, there were already other labor organizers and social activists there. Argueta describes outraged people arriving continuously, without having been convened by anyone. Organizers checked in with their counterparts in Tegucigalpa, where people were also gathering in what would be the first of hundreds of protests against the coup.

For months after the coup, activists would gather every day in Tegucigalpa to march against the change of government. State repression has been intense, including ongoing detentions, disappearances, the use of torture, and the beatings and murder of social activists and everyday Hondurans mobilizing against the coup. “Honduras is in a scenario of violence. We are experiencing the beginning of a war and we are against war. The resistance is against war,” said Dr. Juan Almandares, a social

activist, former presidential candidate, and ex-rector of the Autonomous University of Honduras.

Sadly, because of the coup, the *cuarta urna* never took place in Honduras—unlike the successful process of constitutional reform that has taken place in countries like Bolivia, Venezuela, and Ecuador. Constitutional assemblies have become part of deepening democracy in the hemisphere and emblematic of the region's structural political change.

Dionisia Diez awoke ready to vote yes to the *cuarta urna* on June 28. "In the *cuarta urna*, we were going to ask for a new constitution, because with a constituent assembly we would get rid of this constitution that we have, that doesn't do any good other than [the powerful] wiping their behinds with it whenever they wish." At 76, Diez participated in the historic strike against the United Fruit Company in 1954, and is today known as the grandmother of the resistance to the coup in Honduras.

In the pro-coup media in Honduras, as well as in the world media, the slightest opening towards constitutional reform was painted instead as President Zelaya attempting to extend his term limit and mimicking Venezuelan President Hugo Chavez.

David Romero, the station manager of Tegucigalpa's Radio Globo, was one of the first to broadcast news of the coup in Honduras. The station was immediately militarized, and the day after the coup, he was brought before General Velasquez, head of the armed forces. Romero explained that Velasquez told him that there were three things he should be reporting on: "First was to recognize that what happened

was a [presidential] succession and not a coup d'état. Second, that it was necessary because Manuel Zelaya Rosales was violating the constitution and wanted to extend his term limit. And third, that the nation comes first, that [the coup] was to save the country from [Hugo] Chavez.”

Though the elite-owned corporate media throughout Honduras obediently followed the guidelines set out by Vasquez Velasquez, Honduran activists have a clear idea what it is that constitutional reform would actually mean for them. “For us, the National Constituent Assembly signifies changes in the power relations, and in the administration and control of resources,” said Miriam Miranda, the coordinator of the Fraternal Black Organization of Honduras (OFRANEH). “The poorest sectors of this country are included in the constitution only to go and vote. This is the kind of thing that we think needs to change,” she said. The last constitution was written in 1982, and is seen by many as protecting the interests of the military and the powerful instead of protecting the rights of regular Hondurans. “Poor Hondurans, women, Indigenous people, black Hondurans, people with different abilities, people with different sexual preferences are not included in our constitution,” said Jorge Lara Fernández, a professor of sociology at the University of San Pedro Sula.

Fernández thinks it is the right of every Honduran to be included in the constitution. “It’s going to be a tough road, it means continuing to struggle, to be in the streets and demand that we have the right to a constitution that converts us into a country...where human rights are respected,” he said.

The path forward is not one for Hondurans to walk alone, says Almendares. “We do not want to go into a war. We think there should be a huge mobilization, worldwide, nationwide, to struggle against the coup d’etat,” he said.

5.5 Unfinished business

This piece was written for a national magazine in Canada, in the context of an issue examining Canadian foreign policy. It is thus a relatively detailed piece that explores the Canadian angle on the coup but explores transnational theories as well.

For the last 10 years, Juana López Nuñez (not her real name) has spent most of her waking hours making T-shirts for the Canadian company Gildan Activewear at the company’s San Miguel factory in Honduras.

Today, at age 44, she has little use of her arms and experiences constant pain in her shoulders, neck and hands. She takes painkillers throughout the day, and has had one surgery, which didn’t ease the chronic tendonitis that keeps her up at night.

“I thought that when I started to work for a company, it would make life better. I didn’t realize that I was going to get injured,” she says, holding back tears. López is a single mother of five children, including a 10-year-old daughter who helps her with housework. She makes the equivalent of \$47.50 a week.

López isn’t the only Gildan employee who is facing troubles at the workplace. “The others don’t want to talk. They are scared and they don’t say anything,” said López.

“They are scared to talk to the management because they think they will get fired or get a lower grade of pay,” she said.

Maquila (sweatshop) workers are one segment of the Honduran population whose already difficult lives have gotten more so since the military coup last year. Early on the morning of June 28, 2009, President Manuel José Zelaya Rosales was removed from the presidential residence by the army and flown out of the country to Costa Rica. Right-wing Liberal politician Roberto Micheletti Baín was quickly sworn in as interim president, a position he held through the November 29 elections until the inauguration of Conservative politician and landowner Porfirio “Pepe” Lobo Sosa in January.

Grassroots resistance to the coup was strong and widespread, and the repression was harsh. Between June and December of 2009, the Committee for Relatives of the Disappeared in Honduras (COFADEH) documented 708 human rights violations, including 54 murders. The coup regime also shut down opposition media, and journalists have been threatened and some murdered.

To place the blame solely on multi national corporations or imperial foreign governments, however, is too simplistic. The coup in Honduras can be understood as a setback in the popular struggle against globalized capitalism. And while Canada has certainly played a role in legitimizing the coup, the actions of local elites empowered by transnational capital have often been glossed over by coup critics outside the country.

Foreign investment and the coup

Six months after the coup, workers in the maquilas were facing much more difficult conditions than they previously were, said Maria Luisa Regalado, the director of the Honduran Women’s Collective (CODEMUH). Health and safety issues are falling on

deaf ears now that industry friendly representatives have replaced people in the Ministry of Labour who possessed knowledge of the issues.

“They’ve fired all of the people who had an understanding of health issues,”

Regalado, who works closely with Gildan employees, told Briarpatch.

“Public health in this country is in total abandon right now. It’s worse than ever.”

Before the coup, the situation for sweatshop employees was already difficult. Julio Zapata Paz (not his real name) lives in the city of Choloma and was fired from his job at a plant for trying to unionize the workforce, an act which is supposedly legal and protected in Honduras. Today, he’s on a “red list,” unable to find work because of his union activities. The family of four gets by on his wife’s income.

“To have a dignified – poor, but dignified – life, you need at least 7,000 lempiras (C\$382) a month, and our income is only 4,000 lempiras (C\$218) per month,” he said. “Our diet is precarious. We don’t have a balanced diet because of our economic situation,” said Zapata, whose family survives primarily on rice and beans.

After assuming the interim presidency on the day Zelaya was ousted, Roberto Micheletti promised to make Honduras an even more attractive destination for foreign direct investment, a proposal that doesn’t sit well with advocates for workers in the sweatshop sector.

“Creating a good investment climate means creating a climate against working people,” said Yadira Minero, of the Centre for Women’s Rights in Honduras (CDM).

“Foreign investment isn’t our salvation,” she said.

Regalado expects the situation to get worse for the 103,000 sweatshop workers in Honduras through the remainder of Lobo’s four-year mandate. “They are already

contracting temporary workers, even though there is no law that allows them to do this. What's going to happen now is that the maquilas are going to fire permanent staff and later rehire people in a temporary way," she said.

Further lowering labour standards is a move that the Honduran business sector can get on board with. The day after the coup, the National Business Council of Honduras (COHEP) released a statement that cheered on the coup. "What occurred today was not the changing of one president for another; today, framed in national unity, the respect for the Constitution, national laws and institutionalism was achieved," it reads. Other powerful business and export associations followed suit. "It really comes down to the so-called economic development model, and who does the country's economy work in favour of," said Grahame Russell, co-director of Rights Action, a small non-governmental organization that has worked in Honduras since 1998. Russell likens the Honduran elite to big fish in a small pond, similar to other oligarchies throughout the hemisphere.

The main economic sectors in Honduras, which are strongly linked to transnational capital, have largely been supportive of the coup. "Mining is a part of it, but it's not even the major part," said Russell. "The main stuff in recent history has been the textile stuff, the maquila industry, and then the land owners, and that includes Chiquita bananas, and the Facussé family with their African palm [oil]."

Globalization, structural adjustment and neo-liberal economic policies imposed with increasing efficacy since the Second World War mean that life in Honduras has gotten more and more difficult for a significant segment of the population. United Nations figures for 2007 indicate the average annual income was \$3,796, with one-

third of Hondurans living on less than \$2 a day. Remittances from Hondurans working abroad make up a staggering 24.5 per cent of the country's gross domestic product and outweigh foreign direct investment by more than three to one.

Canadian connections

According to the Canadian government, Canadian investors have injected more than \$400 million into Honduras, mostly in textiles and mining. Bilateral trade between Canada and Honduras totaled \$176 million in 2009.

Canadian involvement in the Honduran sweatshop industry surged in 2000, when the Canadian company Gildan Activewear, one of the world's largest T-shirt companies, set up shop. In 2007, Canadian investment in the *maquila* sector surpassed U.S. investment in the sector for the first and only time. Sweatshops are located in export processing zones, where instead of dealing with governments, foreign investors rent tax-free space from private Honduran firms. The owners of these firms constitute Honduras' new oligarchy, a transnational elite.

The transnational mining industry also plays a large role in the Honduran economy. Goldcorp, a mining company headquartered in Vancouver, has been operating a mine in central Honduras for 10 years and Vancouver-based Aura Minerals and Toronto's Breakwater Resources both have active mines in Honduras.

Hondurans have every reason to be wary of foreign mining companies. Deposed President Zelaya had supported a mining law that would have prevented new gold mines involving the use of cyanide from opening in Honduras. The law had been drafted in consultation with community organizations, but hadn't yet passed when the coup took place.

Canada's junior foreign minister Peter Kent visited Honduras in February, when he met with Canadian business leaders and Honduran government ministers. "Since establishing diplomatic relations with Honduras in 1961, our bilateral relationship has evolved considerably," said Kent. "As a result of Canada's active involvement in efforts to resolve the political impasse in Honduras over the past several months, I believe that this relationship has only grown stronger," he said in a press release.

Jeffery Webber, a Canadian political scientist and assistant professor at the University of Regina, participated in a fact-finding mission to Honduras in January. He interprets Kent's statement as "a clear signal, both to Canadian capital and to the Honduran state, that Kent and the Harper government are taking a far-right position." Webber points out that Kent's trip came at a time when anti-coup activists were continuing to be killed by pro-coup forces.

"Immediately before and immediately after Kent's trip, when he was talking about all these democratic advances and national reconciliation, by a minimal count, the number of resistance activists killed, according to COFADEH figures, went from 36 to 43," said Webber.

Canada's prompt recognition of Honduras' new President Pepe Lobo, even amid a climate of bloody repression against anti-coup organizers and supporters, echoes the demands of business and is aligned with the U.S. position. This pro-coup position sets North America apart from much of the rest of the hemisphere, which has not officially recognized Lobo's government.

"I think Canada's foreign policy when it comes to Honduras is illustrative of their general policy in the region overall," said Webber. "It's basically an overt promotion

of the interests of Canadian capital and the support of right-wing regimes, whether they be ostensibly democratic or overtly authoritarian, which is the case with Pepe Lobo's regime."

Webber says that while the Canadian government made official statements opposing the coup and the usurpation of power, they later took a more ambiguous position that allowed the coup regime to carry on its business. "In practice, the [Canadian government] did everything they could to effectively rationalize the coup, to say that in fact there was violence on all sides, that Zelaya was conducting all these illegal actions, anti-constitutional actions, which is a complete falsehood well documented by everyone who is a serious researcher and a serious reporter," he said.

For fear of a new constitution

The North American corporate media portrayed the June 28, 2009, military coup as a necessary intervention set up to prevent then President Zelaya from transforming into a replica of Venezuelan President Hugo Chávez Frias, rather than as corporate and elite maneuvering to maintain political and economic dominance over the country.

At issue was a non-binding plebiscite scheduled for the very day Zelaya was removed from office, asking Hondurans whether or not they'd like to see a referendum question about starting a process of constitutional reform added to the November 29 ballot. Zelaya's insistence on holding a vote on the mere possibility of constitutional reform was one of the key policy moves that put him in the black books of powerful elites, including the judiciary and the military.

“For the first time in Honduran 20th century history and actually 19th century history, you have a president, who himself comes from the elites of Honduras, put out not only a discourse but even many policies that fundamentally questioned the political system of Honduras,” said Honduran historian Darío Euraque, who was working for the Honduran ministry of culture at the time of the coup.

Despite significant repression, Honduran popular movements carried out historic mobilizations against the coup d'état, the November 29 elections (which many boycotted) and the inauguration of President Lobo. These movements have rallied around a central demand: the formation of a constitutional assembly to write a new constitution for Honduras.

Honduras' constitution was approved by Congress in 1982 following a U.S.-managed transition to democracy after a decade of military rule. It cemented the facade of democracy during a period when the U.S. was militarily reoccupying the country. The U.S. national security doctrine, a Pentagon plan that militarized the country, was implemented in the 1980s. It transformed Honduras into a staging area for U.S.-led counter-insurgency efforts on the isthmus, and included the construction of 12 military bases where hundreds of thousands of U.S. and third party soldiers were trained.

“That era was one of disappearances, of torture, of the organization of death squads,” said Dr. Juan Almeyda, the former rector of the largest university in Honduras, who today operates a community health clinic in Tegucigalpa.

“I am a survivor of torture. I was condemned by the death squads during the decade of the '80s, and it's important to remember that there are still some [death squad

members and members of the military and government] from that era who are today part of the coup d'état in Honduras," he said.

But the de-escalation of the armed conflicts throughout Central America in the 1990s did not signal a return to peace in Honduras. In fact, demilitarization in Honduras signaled the rise of a new elite, working hand in hand with transnational capital through organizations ranging from the International Monetary Fund to USAID.

"Demilitarization occurred in the 1990s because the military and its far-reaching influence became both unnecessary and unproductive for the transnational agenda, and because a new fraction among the bourgeoisie and the bureaucratic elite was vying for hegemony over the internal political system and felt constrained by an omnipresent military," wrote professor William I. Robinson in his 2003 book *Transnational Conflicts*.

The 2009 military coup in Honduras may be the latest maneuver by the transnational elite that consolidated power in the country throughout the 1990s.

"The national security doctrine that was implemented [in the 1990s] is now being re-implemented with nothing more than some modernizations. It's modernized those crimes in the name of democracy," said Almendares during an interview at his clinic last December.

But Euraque, who may be the country's pre-eminent historian, doesn't think multinational corporations are the central reason the coup happened in Honduras. "I still believe that the fundamental issue is not the fact that the transnational companies and imperialists dominate Honduras," said Euraque. Instead, he said, an

elite group of Honduran business people have used the military to reassert control over a political system that they saw as being forced into crisis by popular movements and the political opening under Manuel Zelaya.

For his part, Russell thinks that the consolidation of the coup in Honduras, achieved through violence and repression of popular movements, is part of a hemispheric pushback against even the slightest progressive reforms.

“It’s one more struggle of the Americas, where elite, wealthy sectors want to keep in place a certain economic model. If they can keep it in place in Honduras, it creates more space for them to impose it in Guatemala, and in the next country over,” said Russell.

For *maquila* workers like López, or unemployed folks like Zapata, the deteriorating political situation in Honduras has made an already difficult situation even more tenuous. Together with their colleagues and their communities, they have been forced onto the front lines of organizing against both an exploitative economic model and an illegitimate political regime.

5.6 The Honduran business elite one year after the coup

This piece was written for the North American Congress on Latin America, a critical U.S. think tank. The audience for this work are Latin Americanists and people with a special interest in the region, hence it is much more in-depth and specific than other pieces.

The first anniversary of the June 28, 2009 military coup in Honduras might just slide under the international radar, timed as it is right after the Honduran national team kicks off at the World Cup.

The Honduran business community could hardly have planned it better themselves.

Take Rafael Ferrari, for example. He is one of the owners of the country's best professional soccer team, Club Olimpia Deportiva, a team that has contributed more players than any other to the national soccer team, Selección de Honduras, and thus closely identified with the players competing for Honduras's honor in the World Cup competition. Ferrari also owns nine television stations and 11 radio stations, as well as various U.S. fast food chains, like Dunkin' Donuts and Baskin Robbins. These days, he's on center stage as the president of the Honduran Football Federation.

The World Cup provides an opportune chance for Ferrari and by extension for the Honduran regime and their backers to seek legitimacy at a time when the state is in crisis.

One part of this crisis is the political destabilization of Honduras in the wake of the coup. State forces have murdered, tortured, beaten, and disappeared activists, and there have been curfews, restrictions on movement, and media blackouts.

Repression of popular movements has resulted in further restrictions on labor and land rights.

Though this may seem like a return to the country's violent past, Dr. Juan Almeyda, the former rector of the country's biggest university, says there is an

important difference between the repression following the 2009 coup and the war against the Honduran people fought throughout the 1980s. “It’s important to understand that in the eighties the direct confrontation was more the political sector working together with army,” he said. “But today, the struggle is precisely about the neoliberal economic model, imperial globalization, and this whole campaign by financial capital to gain power over our lands, to take our resources.”

Ferrari is one of a host of powerful families that make up the local machinery of this economic model, exerting great influence in Honduras. According to a report prepared by the U.S. State Department in 2008, “Many observers argued that a small elite exercised considerable control over the country’s economic, judicial, and political institutions, which created the potential for abuse of the country’s institutions and democratic governance.”

In a newspaper article widely circulated after the coup, Leticia Salomon, an expert on the Honduran military, stated that the intellectual author of the coup was Carlos Roberto Facussé, who operated with the support of José Rafael Ferrari, Juan Canahuati, Camilo Atala, José Lamas, Fredy Násser, Jacobo Kattán, Guillermo Lippman and Rafael Flores. A preliminary report on the coup put together by the Center for the Prevention, Treatment, and Rehabilitation of the Victims of Torture and their Families named Jorge Canahuati Larach, Ricardo Maduro Joest, José Rafael Ferrari, and Carlos Flores Facussé as the “visible face of the coup.”

Ever since last summer, these family names have been scrawled across walls and buildings in the Honduran capital of Tegucigalpa. Known for controlling interests

ranging from banks to fast food to media outlets and car dealerships, these families fit within William I. Robinson's description of a transnational capitalist class (Robinson, William I. *Latin America and Global Capitalism*. John Hopkins University Press, Baltimore (2009), pp. 41). They are among the powerful owners and managers of transnational corporations and financial institutions throughout Honduras.

Many of these families, like the Canahuati and Facussé families, are directly linked to flows of foreign direct investment through the *maquila* sector. Rising up in the 1980s on the impetus of the Caribbean Basin Initiative, their position gained even more strength with the first round of structural adjustment to the Honduran economy in 1990. Since then, this transnational capitalist class has used the desperate conditions of millions of Hondurans to achieve an economic dominance unparalleled in the country.

After President José Manuel Zelaya raised the minimum wage in late 2009, the National Industrial Association (ANDI), which represents the interests of transnational corporations in Honduras, issued an eerie warning in a position paper penned by Adolfo Facussé: "Now that there is an inevitable necessity to take measure that nobody would have wanted, or to close businesses, and add threat to the insult, President Zelaya and his acolytes in the union movement are obliging the business sector to defend themselves and without wanting to, will awaken the tiger."

What has happened in Honduras since the coup is the fusion of the transnational business class with government. Today, President Porfirio Lobo's Foreign Minister Mario Canahuati remains as a director of the Lovable Group, which owns four export processing zones and produces products for Costco, Hanes, Russell Athletic, Footlocker, JC Penny, and Sara Lee, and is one of the largest industrial groups in Central America.

Honduras's new government and some of its allies, like the United States, are working overtime to try and undo the diplomatic damage done by the coup. In April, Canahuati was in Washington DC, where he met with Hillary Clinton and officials from other states as well. And earlier this month, Clinton pushed the Organization of American States to re-admit Honduras.

The diplomatic signals the Lobo government has been trying to transmit are not that hard to decipher. Among them are that the new government respects human rights, that it is committed to improving social conditions in Honduras, and ushering in a new wave of foreign direct investment.

But one year into the coup, it remains unclear whether the transnational capitalist class alleged to have planned the coup has benefited economically from its actions. The entire economy of Honduras has been hit hard by the ongoing effects of the coup, as well as by the economic crisis experienced in the United States since 2008.

The *campesinos* in the southern region of Honduras have been among the hardest hit. The depressed economic situation combined with a drought has caused tens of

thousands of people to seek emergency food assistance from the World Food Program since the beginning of 2010.

Many argue that increased repression and military spending since the coup have negatively affected the poor majority of Hondurans. “How much is the coup costing? What are the losses to the country? It’s been calculated at \$30 million a day, in one of the poorest countries in Latin America,” says Almendares.

Foreign direct investment in Honduras dropped 44% in 2009, hitting its lowest level in ten years. The Heritage Institute, a U.S. right-wing think tank, reduced the score of Honduras’ “economic freedom index” after the coup.

The coup government has proposed a number of pro-business laws, ranging from a new mining law to a new law promoting international investment, that have yet to be passed. But Zelaya’s biggest reforms, which include raising the minimum wage, joining the Bolivarian Alternative for the Americas, and opening up a process of constituent assembly, have already been rolled back by the coup regime. That said, in other areas only baby steps towards increasing foreign direct investment have been made. The Lobo government, however, has granted an additional 500 non-metallic mining concessions, some of which went to a subsidiary of transnational mining company Goldcorp Inc.

Vast sectors of Honduran society have been politicized by the coup and the events that followed. And while many may pause and enjoy Honduras’ go at the World Cup, it’s not likely they’ll forget Rafael Ferrari’s name, or the role he played in the coup.

5.7 Ex-banana republic for sale (and Canadians are buying)

The piece below has yet to be published, but it is aimed at a broad, mainstream audience.

I'm sitting with a cab driver who's just taken me along a long gravel road, flooded in places by inches of water, to the very edge of Trujillo, a small town on the north coast of Honduras. He's flipping through a newspaper, telling me in broken English he's saving up to buy an excavator. Anyone with an excavator has work, he says.

I hear the sound of four wheelers in the distance, humming as it nears. In a cloud of dust, Cathy Bernier appears at the top of the hill, followed in another quad by her two daughters, in for a vacation from December in Alberta. Client relations manager Bernier's agreed to take me on a tour of Campa Vista, a housing project for retired Canadians perched above the Caribbean Sea.

With a wave from a security guard tuning his radio in a tiny booth, we pass under the front gate, a cement arch built over a dusty gravel road, a lonely monument to prestige. From the back of Bernier's speeding quad, her blonde hair blowing in my face, I immediately sense that the road we're on has cut into what was a thick jungle not long ago. Along one side of the steep mountain road, a meters high orange earth bank casts shade, on the other, a steep ditch drops towards the sea.

Peeling around a corner, the road forks. We hang right, and Bernier slows to a stop in front of an imposing house with a pool set in the front patio. Within a few months, this house will be occupied by a 70 year old rugby player from Edmonton, who will

be one of the first residents of a gated village being sold to as a tropical haven by Canadian entrepreneur Randy Jorgensen.

Below us, dense jungle sprawls down the mountain towards the water, interrupted only by the newly built roads, traces of staked out lots, and high power lines.

Once built out, as promised in the promotional materials, Campa Vista (which means Country View in English) will afford a sunny, secure haven for snow birds. The company website boasts of “a Euro-Mediterranean style private gated community with each property possessing its own unique and outstanding view.”

The people who run Honduras want in on the global windfall created by North American baby boomers looking to buy vacation or retirement properties in some sunny, cheap place not too wracked by crime or war. Which makes developer Randy Jorgenson, for Honduras at least, a rather new sort of commodity broker – his commodity being a tropical dream sold over the internet and in seminars held in hotel meeting rooms in grey skied places with names like Etobicoke and Regina. His basic pitch: Honduras is the latest, best bargain available to Canadians wanting to own their own piece of a tropical country.

Down beside the beach in Trujillo, six men sit around a peeling wooden picnic table. They’ve agreed to meet me here to discuss their concerns about the Canadians they say are squatting on their ancestral lands.

“Canadians have a strong sense of private property,” said Evaristo Perez Ambular, a native of Trujillo and member of Honduras’ major Garifuna organization. “We don’t

have any access to that land anymore, including to some of our traditional pathways.”

Ambular speaks in confident Spanish, but switches back to the Garifuna language at times to discuss with the other men. The Garifuna language and its people are unique in a way that is recognized world wide: the language, dance and music of the Garifuna people was added to the United Nations list of rare languages in need of safeguarding.

Popular legend has it that Garifuna peoples descend from a slave ship that washed up on St. Vincent Island, and whose passengers escaped slavery and instead intermarried with local Indigenous peoples. The Garifuna people were once called Black Caribs by the British, who forced them off of St. Vincent and Roatan Islands and onto the Isthmus of Central America in 1797.

A fishing people, the Garifuna developed a rich collective lifestyle dependent on the ocean, the forests and the beaches. Expert seafarers, many Garifuna became ship hands for cargo ships traveling along the coast of Central America. Today, there is a significant Garifuna community living in diaspora in the United States.

The newest threat to Garifuna people, says Perez, is the latest wave of Canadian settlers who are cutting them off from their land base.

In the first decade of the 20th century, the Garifuna that live in Trujillo were given collective titles for a fraction of their territories. But community members claim that in 2007, one of their former leaders, Omar Loredó David, misrepresented himself as

the owner of the land and wrongfully sold parcels of their collective land that eventually ended up in Jorgensen's hands.

"There's many Canadians in our communities on the coast, and we haven't seen a positive presence from them," said Perez "They use our bridges and our roads, and they don't leave us a thing."

As I stop my recorder and prepare to leave, José Velasquez, the current president of the two Garifuna communities in Trujillo, hands me a photocopy titled Pronouncement No. 3. It outlines the demands of the local Garifuna government to nullify all land sales to Jorgensen and their desire to reclaim those lands.

Randy Jorgensen has lived on and off in Honduras for more than 15 years, a getaway of sorts from his bustling life in Canada, where he conceived and oversaw the creation of Adults Only Video, the country's first pornography chain.

According to a 1993 profile in *Maclean's* magazine, Jorgensen went from being a muffler salesman in small town Saskatchewan to becoming Canada's "porn king" almost by chance. But once he got into the pornography business, there was no going back.

His specialty, according to *Maclean's* was to "bring dirty movies into the clean streets of middle-class Canada," and by the early 90s Adults Only Video was bringing in \$25 million a year. Faced with lawsuits and police raids because of the content of his videos, Jorgensen maintained that everything he did was within the boundaries of the law.

Today, Jorgensen lives full time in his home near the Campa Vista development in Honduras. He runs AOV online, the internet version of what the porno shop once was. His pornographic past is downplayed in his most recent venture into real estate, where he instead positions himself as a lifestyle expert. But its clear that he's learned something from his years in the pornography industry: Sex sells.

In the tropical coastal town of La Ceiba, a few hundred kilometers south of Trujillo, I met Rick Mowers. I found Mowers, a retired Ontario Provincial Police Officer originally from Hamilton, sitting at the computer beside the bar at Expatriates, a western style restaurant that he now co-owns.

Mowers has been known to shrug off journalists in the past, but he's taken an interest in my questions. Maybe it had something to do with my low cut shirt. From across the table, he sits perfectly straight, talking at length about his choice to retire in Honduras.

"I just quit there moved here, went to instant retirement, did nothing for one year," he said, matter-of-factly. "It costs money to do nothing all day long, we find that too many of us drink too much alcohol or beer if you have nothing to do all day long."

Buying the restaurant has given the young looking 51 year old something to do with his time. He told me he moved to Honduras with his wife, but they split after he had an affair. A warm breeze moved through the restaurant, stirring up the air under the high thatched roof.

“It’s too cold, it’s too expensive, I’m not going to live there for the free healthcare,” said Mowers of Canada. He rattled off how much cheaper things are in Honduras, from rent and food to crack cocaine and sex.

“Here sex is, in the whole country, sex is \$10. So if you go downtown, and you stop and the girl gets in your car, it’s \$10, 200 Lempiras, for you to go have intercourse,” he said.

Later, I googled Mowers. It turns out he was a bad cop. He quit his job as an OPP officer shortly after being disciplined for refusing to take proper statements from a woman who was a victim of domestic violence. Instead of writing up her complaint, he told her he’d once been her client in an illegal massage parlor. On his partial police pension, he’s living like royalty in Honduras, a country where more than half the population lives below the official poverty line, and at least two million people live on less than \$2 a day.

Sitting in the central park of San Pedro Sula one hot afternoon, I got a text message from a friend who said the national tourism federation was having its annual meeting there that night. I went to my hotel and changed out of my shorts and t-shirt into an unbearably hot dress, and took a cab over the Hotel Crowne Plaza. The downstairs lobby, in from the heat, noise and chaos of the outside, might as well have been in Toronto.

Air conditioning blasted the air, and well dressed Hondurans sipped fancy drinks and dragged on cigarettes. San Pedro Sula, has long been home to the country’s richest families and is today the hub of the sweatshop industry. I fandangled my way

into the upstairs ballroom and mingled with the upper crust of tourism in Honduras, and found that they were happy to talk about Canadian tourists.

“Canadians are super important to us,” said John Dupuis, the top representative for tourism in La Ceiba. In some hotels in the region, 70 to 80 per cent of the guests are Canadian.

“Tourism from Canada, especially in winter, represents the largest source of income in the tourism sector in the Bay Islands and the North Coast of the country,” said Piero di Batista, who owns and manages various hotels in Roatán.

Canada has always been an excellent ally of the tourism industry, says Juan Antonio Bendeck, the chair of the Honduran Chamber of Tourism. Honduras’s tourism industry is small by comparison with their neighbors: In 2000, they had 249,000 visitors, compared to nearby Costa Rica’s over 800,000.

But following the June 29, 2009 coup d’état in Honduras, the already small tourism industry took another hard hit. “I’d like to tell everyone to come to Honduras and that it’s a tranquil place and everything is beautiful, but you think I’d be successful with that message?” asked deposed tourism minister Ricardo Martinez, after showing footage of riots and repression in Tegucigalpa during a presentation to the Central American Travel Market.

I wanted to speak with Jorgensen about his project in Trujillo, but when I was in Honduras, he was up north. I took down his Toronto number in my notebook, and

called repeatedly over the course of a few months, but could never get him on the other end of the line.

Jorgensen's project in Trujillo is being marketed by Tropical Freedom Properties Ltd, who promise just that for only \$85 a square foot. Tropical Freedom is an offshoot of Fast Track to Cash Flow, a St. Albert based company which follows the teachings of the financial self help book *Rich Dad Poor Dad*. In June of 2010, St. Albert's Better Business Bureau gave the company a D on a scale of A+ to F, expressing "concerns with the industry in which this business operates."

On a June morning I attended a meet-up hosted by Tropical Freedom Ltd in the basement of a Travel Lodge hotel on the freeway beside Duncan, a sleepy retirement town. Cindy Storme, a petite blonde woman in gold accented brown pantsuit wowed the three dozen or so mostly retirement age people attending the event with stories about waking up to the sound of howler monkeys, banana boating, BBQs, and life beside the water.

As her audience chewed on white bread sandwiches cut into little triangles, Storme talked about Costa Rica, a much more stable country, which she said is "exactly like the movie Avatar."

The project managers and lawyers featured in the promotional videos were young attractive women whose t-shirts left little to the imagination, and at the tail end of Storme's talk, she spent about 10 minutes on Honduras, a country that she says "every Canadian" can afford to buy property in. Not only will investing in Honduras give Canadians a place to get away, says Storme, but there's no credit check

involved, Jorgensen is offering a travel allowance for anyone to go visit the properties, and there's tax breaks to boot.

At least a few people in the room signed up for a \$500 gold membership with Tropical Freedom, which gives them the right to buy-in to Jorgensen's Honduran project.

Jorgensen is making sales. But the global commodity exchange of pleasant tropical experiences is a highly competitive realm, and members of the North American middle class have certain expectations when they purchase their own little slice of the third world. My mind went to a conversation I'd had with two tourists from Gatineau, Quebec on a beach near La Ceiba. They told me that they found their hotel boring. They were too scared to go into town. The two of them were the closest thing I can imagine to professional beach-goers: deeply tanned, lathered up in oil, laid out on folding lounge chairs with most of their skin exposed to the scorching sun. For the money, they said, Cuba is a better deal.

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