

10-31-2002

# Honduran Finance Causes Violent Reaction

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/noticen>

---

## Recommended Citation

LADB Staff. "Honduran Finance Causes Violent Reaction." (2002). <https://digitalrepository.unm.edu/noticen/9025>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact [amywinter@unm.edu](mailto:amywinter@unm.edu).

## Honduran Finance Causes Violent Reaction

by LADB Staff

Category/Department: Honduras

Published: 2002-10-31

A government plan to fund the building of much-needed affordable housing sparked destructive and violent protests in Tegucigalpa on Oct. 25. Several people, including reporters covering the event, were hurt. The demonstrators, affiliates of the Colegio de Profesores de Educacion Media de Honduras (COPEMH), Sindicato de Trabajadores del Servicio Nacional de Acueductos y Alcantarillados (SANAA), and the Bloque Popular, tore down part of the fence surrounding the Congreso Nacional (CN).

Police reacted massively with tear-gas grenades, water cannons, and clubs. Demonstrators counterattacked with sticks and stones. The ensuing melee lasted about two hours. Privatization of the water supply (see NotiCen, 2002-10-17), excessive mandatory costs to students of public and private schools, and governmental intentions to use school pension funds to pay for a low-income housing initiative were the motivating factors for the march on the CN.

The protest originated with the decision by the Congreso Nacional to transfer about US\$165 million from teachers pension funds for construction of about 30,000 dwellings for the poor. One wire service estimated the crowd, which took to the streets on two consecutive days, at about 3,000. Many businesses closed for fear of escalating violence. This was the largest outbreak of civil unrest since the military regimes of the 1980s, coming just two days before the scheduled arrival of a mission from the International Monetary Fund (IMF) for economic-policy meetings.

COPEMH organized the march, intended to be peaceful, from the headquarters of the Instituto Nacional de Prevision del Magisterio (INPREMA) to the CN. The demonstrations spread to San Pedro Sula, where no violence occurred. Anti-riot police accompanied the marchers in San Pedro.

Salvador Castillo, president of the Colegio Profesional Superacion Magisterial de Honduras (COLPROSUMAH), told the crowd that they would not allow the government to use their funds. "These are exclusively for retirement, pensions of the beneficiaries, and we will not permit our benefits to be put at risk," he said. Indignation spread to La Ceiba. In that city, teachers rallied against the excesses of the police reaction in Tegucigalpa, which had now assumed an importance equal to the original grievance.

"We are protesting the thrashing our companeros received, and because the Congress approved a decree to be able to take economic resources from the pension funds. And we want the deputies to stipulate in writing that they won't touch any money from any of the pension funds," said rally leader Franklin Padilla in La Ceiba. He said they were also protesting the 10,000 lempira raise (about US\$625) the CN awarded itself. Considering it a slap in the face to a population straining under taxes and low income, Padilla said, "In this country it's no longer just a question of poor people, it's a question of miserable people who only eat once a day."

Padilla announced a teachers strike of indefinite duration and said more drastic measures were planned. He said that the incidents that took place in Tegucigalpa had provoked teachers to join forces because "the government doesn't understand dialogue. We're going into the streets to protest with more energy." The rapidly spreading manifestations of public disapproval of government fiscal solutions appear to have had broader consequences. The IMF delegation, scheduled to arrive Oct. 28, has postponed its visit until some time in November.

That cancellation led to a statement from the Asociacion Nacional de Industriales (ANDI) that characterized the visit as a prelude to structural adjustments that in practice translate into what the people call belt-tightening and taxes. "It turns out that, after five adjustments since 1990, the Honduran economy is worse than before and buried in a prolonged depression," (See NotiCen, 2001-01-11) said the statement, which was broadcast nationally on radio. The industrial organization called the demonstrations worrisome and expressed its hope that they would not lead to ungovernable chaos. But they acknowledged that "something is failing, but what is certain is that the nation as a whole cannot tolerate the sacrifice, as revealed in the high levels of poverty and indigence that the Honduran population is denouncing.

The recipes of the Fund generally are couched in tough fiscal demands, commercial liberalization, and privatization of the goods and services of the state." The ANDI critique pointed to the pattern by which different administrations try to adhere to the demands of the IMF at the beginning of their terms, but, by the end, "for political and other reasons, break out in a rash of spending and all the sacrifice ends up wasted." That pattern results in overgrowth of the state that absorbs nearly half the GDP. "The adjustment programs," continued the broadcast analysis, "have had an eminently fiscal tendency and application and have disregarded the reactivation of the economy, which can only be done through aggressive support of production.

But instead, the indications are to lower taxes on high-ticket items and try to exploit the less favored sectors. The sectors that produce the greatest added value should not be left to their own devices because, as long as the national product does not increase as a result of stimulation of the economy, nothing is done for the development of the country," the broadcast concluded. For these reasons, ANDI strongly supports the government housing initiative. These factors also underlie the government's intentions.

Acting President Vicente Williams said that, even though the teachers opposed it, the program would go forward. He accused the teachers of maliciously twisting the project to sow chaos across the land by insisting that the managers of the pension funds are obligated to buy the bonds that will pay for the project. He said that is a lie. "The government at no time has obligated, nor will it obligate, any investing sector, much less will it do so with INPREMA," Williams said. Williams added, "If the participants in the pension funds are intelligent, they will know the bonds are attractive because, besides earning interest at market rates, they will be the only investment guaranteed by the state. Then they will invest, but only if they want to." He pointed out that the pension institutions keep their money in savings accounts, and only about US\$9,000 of each such account will be guaranteed by the government, whereas the bonds will be fully backed. And, he reiterated, "this will be voluntary. Nobody is obligated, therefore the protests are senseless."

One pension fund that is buying the argument is the Instituto Nacional de Jubilaciones y Pensiones de Empleados Publicos (Injupemp). National Injupemp director Dario Mendoza Lupiac took into consideration the building project itself, which he said was the only way to deal with the country's massive unemployment problems and provide essential housing at the same time. While he was personally enthusiastic about the initiative, he said that the Injupemp directorate would analyze the proposal and make the final investment decision. The organization has a membership of about 6,000 pensioners. Their nest egg amounts to about US\$179 million in stocks and US\$579 million in savings. The difference between the two pension groups in their orientation toward the bonds seems to center around whether acquisition of the debt paper is voluntary.

For Injupemp, Williams is right; it is up to their own authorities whether to buy. But for the teachers, it appears clear that the Congress passed a law directly authorizing the transfer of US\$167 million from their pension fund for the construction program. The teachers continue to be outraged, and the government continues to pursue them.

On Oct. 29, the government ordered the arrest of 30 leaders in connection with the demonstrations, even though there is general acknowledgment that the police overreacted. Police have publicly apologized for the undisciplined use of force, which injured not only demonstrators but also about ten reporters covering the action. Authorities have promised to pay for a TV camera smashed in the altercation.

One of those anticipating arrest is COPEMH president Eulogio Chavez. Chavez told a Notimex reporter his organization is filing a complaint with Amnesty International (AI). COPEMH vice president Melchisedec Martinez said that the police and military onslaught was "like the beginning of the 1980s." Political analyst Carlos Sosa Coello, former Honduran ambassador and former CN member, views the situation as critical and warns that there is a real danger of a descent into anarchy. What worries him most is the sense of hopelessness into which the citizenry has fallen. But, he said, "we still have time, because the government is of democratic origin and can't force arrogant authoritarianism or repression."

-- End --