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Honduras: Notes On Economic Woes

by Deborah Tyroler

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The Honduran economy is characterized by stagnation, declining rates of food production, and high foreign and internal indebtedness. The foreign debt totals about \$3 billion. President-elect Rafael Callejas, who will take office Jan. 27, has promised that Honduras will "return" to banana exports in the 1990s as the principal motor force toward economic recovery. Some Honduran economists are dismayed at the prospect of furthering what they describe as the "agro- export model." Economist Gustavo Adolfo Aguilar told Notimex that since the mid-1980s, the Honduran government has offered major concessions to banana transnational companies Castle and Cooke, and United Brands. The agro-export model characterized by heavy foreign control, said Aguilar, has not provided Honduras with significant benefits in terms of export revenues and as a source of economic growth. According to the Union of Banana Exporting Countries (UPEB), in 1985, Honduras exported 51 million 18.14 kg. boxes of bananas in return for \$43 million in export income. In the same year, Costa Rica exported 44 million boxes for \$178 million. [In statements to Notimex in Panama City on Dec. 13, UPEB executive director Haroldo Rodas Melgar said that Honduras had recently withdrawn from the Union, result of "pressures by US banana transnationals."] Honduran economist Jorge Yescas told Notimex that the government's management of the internal debt works against economic growth. First, he said, the issue of treasury bonds to finance public deficits are largely efforts to cover military budget overruns. Next, Yescas pointed out that the bonds are acquired by a small group of local capitalists who number no more than 50. Because the bondholders receive 20% interest per year, he said, "no one wants to invest in agriculture or industry," since "investing" in government bonds to fund the military is more profitable. Central bank figures show that in the past four years, the national government's gross deficit totaled \$400 million, equivalent to 10.3% of current annual GDP. Finance Ministry statistics indicate that 94% of the government's tax revenues are paid by wage workers and the middle class, while only 6% of taxes derive from large business and landowners. Economist Hugo Noe Pino said studies by the Honduran Colegio de Economistas have shown that half the labor force earns a monthly income of \$50 or less, while the poorest 300,000 campesinos earn about \$12 per month. The Catholic Church has pointed out that 19 Hondurans receive between \$5 and \$12 million per year. (Basic data from Notimex, 12/10/89, 12/13/89)

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