

Rights Action
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(Why Refugees Are Fleeing Honduras)
The 2009 Military Coup, “Model Cities” and a Global Investor Bonanza

Bad Role Models: The Embattled Arrival of Honduras' Model Cities

By Lauren Carasik, August 12, 2014

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“The Voice of Zacate Grande” is a community radio station named after the island in southern Honduras from where it broadcasts. Located off a dusty road that winds past modest homes and stunning views of the beautiful Gulf of Fomesca, the station has become a focal point of the local community’s resistance to the ongoing land conflict with Miguel Facusse, the richest man in Honduras and reportedly its largest landowner.

On the wall outside the station hangs a portrait of Francisco Morazán, revered by Hondurans for his progressive vision and courageous leadership in the newly independent country more than a century ago. These days his portrait has become a symbol of a new struggle for freedom.

Zacate Grande’s plight seems likely to get worse. In May, the Honduran Supreme Court upheld a law, passed by the National Congress last year, authorizing the creation of so-called Zones for Employment and Economic Development (ZEDEs). Modeled on the charter cities concept designed by Paul Romer, an economics professor at New York University, ZEDEs will be semi-autonomous areas that are free to set up their own laws and enforce them via security forces and a judicial system established by them.

In theory, these charter cities are designed to spur widespread economic growth by allowing free enterprise to circumvent the country’s weak political institutions.

In practice, however, ZEDEs seem likely to benefit only Honduras’ existing economic and political elites and foreign investors. The laws allowing ZEDEs have been designed to give their investors maximal legal and financial protection, leaving residents with only minimal legal recourse and democratic rights. If Zacate Grande is subsumed into the first ZEDE, the island’s 5,000 inhabitants will lose the right to help determine what happens to its land or its resources. And that has generated alarm among the residents about international investors more focused on earning a profit than building a sustainable economy and a fair political order.

THEORY AND PRACTICE

The Honduran government’s approval of the creation of model cities follows the marked deterioration of economic and social conditions after the 2009 coup that ousted President Mel Zelaya, a populist who had been elected in 2006. Between 2010 and 2012, the conservative forces that controlled the national government drastically cut spending on public services, including housing, health care, and education. Extreme poverty rose by 26.3 percent; almost two-thirds of Hondurans now live below the poverty line. And inequality increased rapidly -- in the first two years after the coup, the [wealthiest 10 percent of Hondurans reaped 100 percent](#) of the country’s real income gains.

At the same time, violence and insecurity have careened out of control. Since 2011, Honduras has claimed the highest per capita murder rate in the world. The international media has typically attributed the violence to drug traffickers and gangs. But that has obscured the role played by the notoriously corrupt police force and military who enforce the government's policies with lethal means.

Over the past year and a half, more than 400 children have been murdered. Journalists, lawyers, judges, human rights defenders, land rights activists, opposition party members, members of the LGBT community, and indigenous activists are routinely targeted for brutal repression by state and private security forces.

It was against this backdrop of economic and social mayhem that Romer first urged Honduras to experiment with model cities. He claimed that in order to spur growth, Honduras should allow foreign investors to circumvent the country's poor governance and endemic corruption. New cities, he argued, would bypass Honduras' existing elites, to the benefit of the rest of the country.

But Romer failed to consider that model cities could create a new style of corruption. Honduras' existing political elites began using Romer's concept to help deep-pocketed international investors manipulate the rules in their favor.

The law for Special Development Regions (REDs), which the Honduran Congress passed in 2011, ostensibly realized Romer's vision for model cities. Romer envisioned inviting investors to develop new cities on uninhabited or sparsely populated land and placing few restrictions on how they could govern those areas. But he insisted that it was important to require transparency in order to ensure that the model cities were appropriately administered. Romer endorsed Honduras' proposed law in 2011, but he unexpectedly distanced himself from it in 2012, in part because the Honduran government dispensed with the Transparency Commission on which Romer expected to serve.

That same year, Honduras' Supreme Court invalidated the law on constitutional grounds. But shortly thereafter, the government illegally removed four of the five justices who had ruled against the REDs, replacing them with judges more amenable to the government's agenda.

In 2013, the Congress passed a law authorizing ZEDEs, which was substantially similar to the RED law, and even less protective of democratic principles. For example, the Honduran government permitted international investors to build ZEDEs anywhere in the country, including in areas that were already inhabited, thus dispossessing existing residents. (Romer had argued that it was important that workers "vote with their feet" -- that is to say, they actively choose to live in the cities in question.)

ZEDEs will be overseen by a 21-person committee comprised of members that are allied with the national government and independent free market libertarians. That committee will delegate authority for each new ZEDE to a five-member subcommittee that will -- with the expected input of major investors -- appoint an administrator to oversee the creation of the zone's civil, criminal, and administrative institutions.

For the Hondurans who may suddenly find themselves living within these cities' boundaries or neighboring them, this is an alarming prospect. They will be deprived of many of the constitutional and other types of protection granted to their fellow citizens. Moreover, they will lack meaningful legal recourse, for example, if the security forces created by investors are repressive, or the administrators prove to be corrupt.

Each ZEDE is expected to develop its own judicial system of common law courts -- again, under the guidance of individual investors -- which is entirely independent of the Honduran civil law system. Further, there is no apparent mechanism to appeal beyond the ZEDE judiciary.

On May 26, the Supreme Court upheld the ZEDEs law. Feasibility studies are now underway at several sites in Honduras. In densely populated areas of over 100,000 people, citizens can reject a proposed ZEDE charter through a referendum. But for low-density communities and designated areas on the country's coasts, no citizen input is required. That leaves the inhabitants of Zacate Grande without any right to self-determination.

THE FIGHT GOES ON

For marginalized communities in Honduras, model cities have stirred memories of the country's long history of class struggles over land. Land captured centuries ago by European imperialists was eventually passed on to local oligarchs.

Agrarian reform efforts initiated in the 1960s aimed to give marginalized communities formal ownership over the land they inhabited for generations, but those endeavors were undermined by business elites through coercion, fraud, and intimidation. Poor communities still suffer from dispossession, food insecurity, and repression as a result of their lack of legally recognized land title.

Honduras' land-owning elites seldom feel compelled to do anything to mitigate that suffering. Indeed, when the country's dispossessed have attempted to protest their condition, the elites have a history of fighting back viciously.

Peasants in fertile the Northern Bajo Aguan region resisting land grabs by the Honduran businessman Facusse, have faced a brutal crackdown that has resulted in 140 deaths.

The pending arrival of model cities has been another case in point. On September 4, 2012, Antonio Trejo, a human rights lawyer who had been representing the peasants of Bajo Aguan, helped draft a constitutional challenge to the RED law, despite several death threats against him and repeated requests for police protection that went unheeded. Seventeen days later, he was gunned down outside a wedding he was attending in the city of Tegucigalpa. ([Earlier that day](#), Trejo had publicly accused legislators of using the model cities to fund raise.) Five months later, [his brother was shot](#) by unknown assailants.

The residents of Zacate Grande refuse to be intimidated. "Voice of Zacate Grande" continues its daily broadcasts in support of the community's struggle for self-determination. Unfortunately, the odds remain stacked against it. Honduras' political and economic elites are skilled at dividing and conquering marginalized communities through various means. They might try to buy off some members of the community in order to create friction within it. They will likely continue to try to instill fear among the residents of the island. There are already reports of land speculators arriving in the town of Amapala, on neighboring Tiger Island, buying out some small landholders, and telling others that if they don't sell, they won't be able to afford the property taxes after the arrival of the ZEDEs.

Residents will continue to fight for their rights and their survival, but with the advent of international capital drawing closer, the exploitation and dispossession of Honduras' poor will likely continue unabated.

What To Do?

Honduras – The 2009 Military Coup That Keeps On Giving ... Repression, Violence and ‘Global Investment Opportunities’

U.S. and Canadian citizens: Keep on, keep on, keep on sharing this information, and sending copies to your MPs, Congress members and Senators, and media. Since the June 2009 military coup, that ousted the last democratically elected government, Honduras has become the ‘Murder Capital of the world’, the ‘Repression Capital of the Americas’.

Since 2009, the U.S. and Canadian governments have legitimized a succession of illegitimate, repressive regimes. North American companies and investors, and “development” banks (World Bank, Inter-American Development Bank) have increased business activities in African palm production, maquiladora sweatshops, privatized “model cities”, tourism and mining. The Honduran regime remains in power due in large part to its political, economic and military relations with the U.S. and Canada and the “development” banks.

Across Honduras, community based organizations in the pro-democracy movement need considerably more human rights accompaniment, funding, media attention on the harms and violations and education and activism in Canada and the U.S.

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