

US AIDing A COUP?

Honduras Coup Highlights Foreign Aid Questions

By Jamie Way



A woman faces Army guns after Honduran coup.

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Given the history of U.S. interventions in Latin America, one does not need to be a conspiracy theorist to ask what role the United States may have played in the June 28, 2009, coup against elected Honduran President Manuel Zelaya. However, it may be a bit of an oversimplification to claim that the U.S. directly and fully supported the coup. Although segments of the U.S. government, military and corporate power structure were upset with Zelaya for a number of reasons [including raising the minimum wage, seeking to turn the U.S. Soto Cano (Palmerola) air

base into a civilian airport to replace the dangerous airport in Tegucigalpa, and for joining the Venezuela-led Bolivarian Alliance for the Peoples of Our America (ALBA)], there have been signs of disapproval from the U.S. too. The Obama administration has condemned the coup and cut off some aid and canceled some coup leaders' visas. Still, it has trailed far behind the rest of the world in taking concrete actions. It has even refrained from classifying the coup as such, which would have required an automatic aid cut-off. As a result of U.S. inaction, many argue that Washington has given tacit approval to the coup regime. Regardless of the uncertainty that surrounds the U.S.'s position...wait, scratch that. Due to the long history of U.S. support for coups in Latin America, its many invasions and election manipulations, it is important to discuss the role it did, or did not have, in promoting or supporting the events of June 28th.

A Brief History of Aid in Honduras

According to a Congressional Research Service report generated by Peter Meyer and Mark Sullivan, Honduras received \$44 million from the U.S. in aid in FY2008 and an estimated \$47 million in FY2009. Additionally, it is likely to receive a portion of the funds dedicated to Central America under the Merida Initiative, which focuses on preventing illegal smuggling and gang activities. In 1961, the year of USAID's reorganization, the organization signed its first agreement for assistance to Honduras. As one of the poorest countries in the hemisphere, Honduras has been a constant recipient of U.S. funds.

Likewise, through the (semi-) private sector, Honduras has received funds from the National Endowment for Democracy (NED) through a number of channels. Between 2004 and 2008, NED directly funded three organizations operating programs specifically within Honduras. Additionally, three of the NED's four major recipient organizations have programs in the country. In fact, one of these major recipients, the Center for International Private Enterprise of the U.S. Chamber of Commerce, a core group of the NED, has taken a pro-coup position, stating that Zelaya disregarded the constitution and is "anti-business." Shortly after the coup, its website boasted a link to an article regarding the business sector's support of Micheletti.

The National Endowment for "Democracy"

Both USAID, and to an even greater degree, NED are highly nebulous institutions with the capacity to grant a vast array of grants, making them incredibly opaque and impossible to hold accountable. NED is a "private," "nongovernmental" organization. Despite this status as



independent from any form of government accountability or regulation, the organization is funded by earmarked federal dollars. “Founded in 1983 following an impassioned call by President Ronald Reagan for renewed efforts to promote global democracy, NED was designed to assist ‘democratic’ movements abroad in ways that were beyond the reach of established federal programs. NED’s founders were concerned that traditional democracy-building agencies such as the Agency for International Development (AID) and the U.S. Information Agency (USIA), as

official government programs, faced legal and political restrictions that limited their activities,” states Barbara Conry, in an article from the conservative CATO institute. The funding for these activities, that are conveniently not held to normal U.S. legal and political standards, are still funded by U.S. government dollars.

Interestingly, the vast majority of these taxpayer funds are allotted to four organizations, the National Democratic Institute for International Affairs of the Democratic Party, the International Republican Institute of the Republican Party, the American Center for International Labor Solidarity of the AFL-CIO, and the Center for International Private Enterprise of the U.S. Chamber of Commerce. These four organizations are then allowed to give grants to other organizations tasked with “strengthening democracy.” These organizations, obviously, then associate with other organizations, which they may or may not fund. Clearly, three or more parties removed from the source of funds, it can become a bit difficult to see exactly what the U.S. is supporting.

Additionally, NED grants some of its money directly to other organizations. These organizations also have extensive lists of both public and private sector partnerships, making it exceedingly difficult to identify who is affiliated with the institution and what money they are receiving. As Barbara Conry put it, “That convoluted organizational structure seems to be based on the premise that government money, if filtered through enough layers of bureaucracy, becomes ‘private’ funding, an illogical and dangerously misleading assumption. In effect, the NED structure allows private organizations (in this case organizations with very distinct and disparate interests) to pursue their own foreign policy agendas without regard to official policy.”

USAID



USAID, on the other hand, functions as a government entity. In 1961, the Foreign Assistance Act reorganized U.S. foreign aid, establishing USAID as an independent agency. The George W. Bush administration later clipped its wings and placed its budget and its policy office under the State Department. President Obama has not even yet nominated a director for USAID. USAID was, according to the organization’s characterization of its history, “freed from political and military functions that plagued its predecessor organizations” under the 1961 reorganization. Highly motivated by the importance of fighting communism at the time of its founding, economic aid was argued to be necessary for U.S. national security, under the argument that

poverty leads to political instability and then (apparently) inevitably to totalitarianism. Despite the fact that the agency was created with the mandate of acting only in the economic sector, without political or military involvement, it has operated with the stated double mission of “furthering America's foreign policy interests in expanding democracy and free markets while improving the lives of the citizens of the developing world.” This part of its mission became paramount under the Bush administration.

USAID, similar to NED, operates through a complicated system of grants. It operates by granting dollars to (non-profit and for-profit) organizations, so that they will pursue U.S. foreign policy goals. Many of the corporations that receive grants subcontract out their tasks to 5-10 other organizations. Clearly, at this point in the money trail USAID’s funding becomes anything but clear.

Connecting the (Sometimes Invisible) Dots

Eva Golinger, an author and attorney, has done her best to piece together the most compelling evidence of U.S. involvement in the coup. Her research has demonstrated that many coup supporters were beneficiaries of U.S. foreign aid. Additionally, some have suggested that the

coup is really the organizational work of ten of Honduras’ most powerful families.

The link that appears most clearly, is that between the Honduran National Business Council (COHEP) and USAID. At least as far back as the 1980s, when Honduras was the main staging area for the US-sponsored contra war against Nicaragua, USAID had signed an agreement of financial cooperation with COHEP. USAID currently funds at least one organization that lists both COHEP and USAID as two of its three closest partners. This is somewhat significant as COHEP has been a vehement coup supporter, officially backing Micheletti immediately after the coup. Within Honduras (from COHEP’s own



The Honduran National Business Council (COHEP) has long worked with USAID. Here new COHEP directors take charge. Photo: <http://www.cohep.com/>.

statements) it is clear that pro-democracy groups have connected the business organization with the coup, and have demonstrated against it in a number of ways.

While some of these connections are quite telling, it is difficult to say that they prove that the U.S. backed a coup in Honduras. This is especially true when the Obama administration has yet to fully staff its foreign policy apparatus, and it appears that different interests are in play at the same time. But the point is not that we can prove anything; the point is the no one can prove anything. I would argue that more likely than a good old fashioned behind the black curtains U.S. Cold War style coup conspiracy, U.S. policy toward the Honduran coup government was not so neat or well-defined. Undoubtedly, some coup supporters received U.S. funding. Some organizations receiving U.S. funds backed the coup (or perhaps even helped to organize it). Largely, however, it would appear that the U.S. has not taken one homogenous and well-defined stance, but instead has multiple arms floundering about and acting against one another. This incongruent nature, and possible coup funding, isn’t the only problem with U.S. aid. The larger issue that is highlighted in the wake of Honduran instability is that we cannot clearly delineate who received what funding and why. This means it is essentially (perhaps inadvertently) helping to fuel civil strife by backing both sides simultaneously.

Due to their murky form of dispersing U.S. aid, these institutions are allowed to operate under an apolitical guise. Their lack of transparency has made it incredibly difficult to prove beyond a

shadow of a doubt that they are intentionally supporting or opposing the violent overthrow of foreign governments. It is apparent, however, that this lack of transparency has allowed some funding to reach a number of suspiciously situated political actors.

U.S. Aid Founded on a Strong Base of Flawed Assumptions

The problem of U.S. aid is much larger than Honduras, or even Latin America for that matter. From behind a mask of generosity and charity, the U.S. has operated under the assumption that it must universally promote the same economic and political systems that it has adopted. Despite local context, the U.S. has pushed free market capitalism and representative liberal democracy on all corners of the world. Ironically, it has failed to note that these two systems sometimes fail to coincide, and has thus often chosen capitalism over democracy when the two were at odds.

Beyond the contradictions of the mission of U.S. foreign aid, and even beyond the fact that it serves to position the U.S. as the only viable model of political, economic and social organization, still other issues emerge. Even in its most innocent possible application, the very idea of aid itself seems to be a relic of some form of colonial paternalism. The very idea of a “developed”-“undeveloped” dichotomy can only lend itself to the creation of a paternalistic hierarchy. U.S. foreign aid has largely failed to focus on any form of local empowerment, the only factor that would promote true “development,” and has instead served at best to pacify the masses with hand outs, and at worst undermine democratic institutions to serve U.S. interests.

Action Required

In order to insure that in the future the U.S. is not supporting coup regimes, some effort must be made to make USAID more accountable. No one would argue that the world’s richest countries, which gained much of their wealth by plundering the world’s poorest countries, do not owe some of that stolen wealth to the world’s poorest. Unfortunately, it appears that this retribution will never be effectively achieved through state aid. Additionally, the public-private aid system (NED) has created nothing more than an elaborate system of money laundering intended to manipulate foreign elections on behalf of candidates subservient to U.S. interests. For more information on U.S. democracy manipulation, visit the Alliance for Global Justice’s Respect for Democracy website www.respect4democracy.org.