

Haiti, the Financial Crisis, and International Solidarity

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What will be the impact of the global economic crisis, this financial meltdown in the world's richest economies, on that of the world's most impoverished? Consider the case of Haiti, where the sheer magnitude of the economic disaster, already long under way, is difficult to conceive in most countries.

Recent World Bank data warns that the world's peoples already living on the edge will be pushed into greater misery, even as their absolute numbers swell. Now situate that catastrophe in a nation that is at the same time militarily, economically and administratively occupied, and you have the tragic reality of Haiti today.

As Peter Hallward has written in *Haiti, Aristide and the Politics of Containment*, Haiti is a country where a tiny transnational clique of wealthy and well-connected families maintains a grip on industrial production, international trade, and political and social life. Meanwhile, 80% of their fellow citizens live in poverty, with 75% surviving on less than \$2/day; 70% are unemployed; life expectancy is 52 years; infant mortality is 62 per 1,000 live births; there is a raging health crisis with grave HIV/AIDS infection rates, and the list goes on.

Occupation and plunder

Haiti's first democratically elected president, Jean Bertrand Aristide, stated that "Haiti's exceptional poverty is the result of an exceptional history — one that extracted an equally exceptional wealth. That history still remains both the starting and ending point of Haiti's present reality — two centuries of imperial intervention and colonial plunder. The most recent manifestation was the violent U.S., Canadian, and French-inspired coup d'état in February 2004 which left thousands killed, displaced, imprisoned and exiled, and the imposition of a disastrous regime of human rights abuses that lasted two years under direct United Nations sanction. The 2004 coup was yet another crushing blow to Haiti's remarkable democratic movement of the poor majority — and has set the country back decades, economically, socially and politically.

Although Haiti currently has an elected government under President René Préval, the U.S., Canada and France play a major role in financing its ministries, while the majority of "aid" funds are diverted to a plethora of Non-Governmental Organizations (an estimated 4,000 operate in Haiti). For example, the agricultural department in Haiti shares control of its budget with some 800 different NGOs.

These same wealthy nations and the international financial institutions also direct Haiti's domestic policy through the 10,000-member, UN-sponsored foreign military, police and political contingent known as MINUSTAH.

The coup and the current occupation have been a continuation (even a culmination) of years of American/World Bank/IMF economic policy impositions that turned Haiti into one of the lowest-wage (lowest in the hemisphere), export-friendly and regulation-free economies in the world, and offering profitable business and resource extraction opportunities for foreign investors. It's a strategy that Peter Hallward says has taken Haiti from "impoverished self-sufficiency towards outright destitution and dependency."

Impact of economic crisis

Under these conditions (and neoliberal IMF conditionalities), a world economic crisis that results in even a few points uptick in inflation or a couple of points drop in GDP would not just impact on the basic needs of poor Haitians but would compromise their very physical survival.

At the same time the elected government is not allowed to implement its own development or economic recovery plans. Shockingly little has been done from 2004 to the present by the foreign powers and international financial institutions to assist Haiti's recovery and development. Haiti's infrastructure remains crippled and no significant money by the big powers has been put into building roads, markets, health care or any other infrastructure for the people. Only Venezuela, Cuba, and a handful of well-intentioned charities or development agencies have provided meaningful assistance.

The totality of the Haitian government budget comes from outside. The Haitian state has little capacity for generating revenue; all the less so during an intensified international crisis. Even part of the Central Bank is being sold in a recapitalization operation. Tax laws have been revised, but only to spur private sector development. Meanwhile, the parliament is only minimally functional because of foreign constraints and confusing elections. Last year for example, only five major laws were passed.

Of course, the foreign occupiers have not been completely remiss and are making some preparation for the expected fallout from a worsening economic crisis. One such contingency plan has the US funding a military base for MINUSTAH in Cité Soleil as part of its development aid to Haiti. Cité Soleil is the largest slum in Haiti's capital city and has been a hotbed of resistance to the occupation.

A highlight of the recent visit of Canadian Governor-General Michaëlle Jean to Haiti was her ceremonial opening of a new police station and jail, built with Canadian "aid" funds.

Repression and killings

Military domination in dealing with social unrest has been a consistent strategy by the foreign occupation over the past five years. For example, the soaring global food prices that crippled many poor countries last spring also devastated Haitians. Some of the poorest survived by eating cakes of toxic clay baked under the Haitian sun. Starvation appeared in pockets of the countryside. More than half of the island's food is imported, a direct consequence of neoliberal reforms begun in the 1980s, so the surge in global prices hit especially hard.

The fallout was angry protests throughout the country directed both at the unresponsive government and the military occupation. These protests were then violently dispersed and suppressed by police and UN forces. At least five starving Haitians were killed, scores more

were injured, and the Prime Minister was dismissed, causing a further paralyzing of Parliament for months following.

The food crisis was followed by terrible tropical storms in the late summer. Once again, the occupying powers put nothing in place to mitigate the effects of the expected disaster which killed 1,000 people, displaced several thousands more, flooded almost all agricultural land and destroyed almost the entire season's harvest. The World Bank put the aggregated damage and loss to agriculture and infrastructure at \$900 million, equivalent to 8% of Haiti's GDP and representing the largest disaster in Haiti for more than 100 years. Once again, the scale of the tragedy was hardly natural.

Unnatural catastrophe

The Haitian government complained that it became impossible to coordinate the relief work among the many different and disparate international aid agencies. Further, 90% of the promised \$100 million in emergency aid never arrived, while some \$197 million which the government tried to release from the Central Bank was not disbursed because it had been placed in U.S. financial markets without consultation with the Haitian Parliament!

So as Haiti celebrated its 205th anniversary of Independence on January 1, President Préval's bleak message to his occupied nation was to "avoid rosy expectations" for 2009. The suggestion was that following on the sorrows of 2008 will be even more hunger and more pain. Under a growing global recession, there will be a significant slowdown in remittances. As working-class Haitians in the U.S. and Canada endure more layoffs and cut backs, they will have less disposable income to send to relatives back home.

Remittances are the most important economic factor in Haiti today. Many Haitian households are being sustained by these transfers from the diaspora, estimated at \$1.65 billion a year. The sum is twice the national budget and accounts for 15% of the nation's GDP — dwarfing the sum total of all the foreign aid from all sources (promised, delivered or otherwise). Some surveys are already showing a 25% slowdown at this early stage.

In addition, the Haitian economy is almost entirely dependent on the American economy, most notably as a market for its exports. A downturn is expected in Haitian exports alongside Haiti's subcontracting sector. This, in combination with the reduction in remittances, will mean that Haiti is unlikely to achieve even the modest growth rates of 1.5% conservatively hoped for.

That will be the immediate effect.

A more long-term worry is that as the government continues to be pressured into implementing neo-liberal options imposed by the international financial institutions, there will be an ongoing crisis in national sovereignty, a continuation of the disintegration of the national economy and continued collapse of the crucial peasant economy — the very conditions that over the decades of foreign domination (including over the past five years) have brought the country to ruin.

Despair and hope

All this is discouraging. There is a lot of despair in Haiti. Yet, there is also hope. Weakening of multinationals and restricted capital and credit may create new space for local Haitian industries to emerge. The UN is experiencing a budget shortfall and MINUSTAH is costing

more than a million dollars a day. Some of the biggest protests against MINUSTAH outside of Haiti have been in Brazil, which plays the leading role in the occupation force. The pressures of the economic crisis may make it more difficult for countries like Brazil to maintain their participation, which has already cost them over \$300 million, while 40 million of its own citizens are living in poverty. Some say the first U.S. occupation of Haiti in 1915 was ended in 1934 by President Franklin D. Roosevelt, in large part due to the constraints the great depression imposed on the U.S. economy.

More importantly, however, these shifts may also mean a change in Haiti's connection to, and dependence on, the U.S. and opportunities to create alternative, sovereign projects. For example, right now the financial sector accumulates tens of billions of gourdes (Haitian currency) and invests absolutely nothing in the real economy. The commercial banks extend less than 1% of their credit to the countryside, where the majority of Haitians live and work. Instead, credit is being concentrated in the metropolitan area of the capital, Port au Prince and wasted on speculation, exchange and consumption. The fiasco of the \$197 million dollars marked for hurricane relief from the Central Bank has given more leverage for calls that Haiti's parliament be able to closely monitor how national reserves are managed. This could then mean that capital can be brought back to Haiti so that it can be invested in the national economy.

Then there is always hope among the Haitian poor majority. Although Haiti's democratic movement is in a state of disarray after two coups d'états in a space of 13 years, the core of that movement remains defiant and combative. Huge anti-imperialist demonstrations consistently fill the streets of the cities and the unfolding economic calamity may once again serve to unite the divided social movements into the formidable force it once was.

International support and solidarity

And of course there are the new international progressive, anti-imperial and pro-socialist forces of Latin America (like Venezuela and Bolivia) offering new sources of political and economic support for the beleaguered national democratic forces in Haiti. South America is heralding a new era of genuine globalization, that is, of regional and international integration in the interests of people, not investors or private sector ownership. For example, Haiti recently concluded an agreement to obtain cheaper financing from Venezuela under the Petro Caraiïbe agreement for its petroleum usage. Venezuela and Cuba are also jointly funding a billion dollar program to develop energy, health and other infrastructure in Haiti.

Finally, there has to be an expanding role for international solidarity struggles with Haiti, particularly in the powerful western nations. Haiti needs to control its own destiny and rebuild its sovereignty and control its territory. The people of Haiti have expressed that they want democratic control over their financial and economic institutions so that they themselves can make the best decision to deal with national crises — and begin dismantling the programs and structures of years of colonialism and neoliberalism (as every major demonstration over the past five years has demanded). That then has to become part of the demands on our government as well — an end to neoliberalism in Haiti and the associated presence of MINUSTAH.

Until now, every elected leader in Haiti has had to contend with how U.S. foreign policy and that of U.S. allies affects the country and to balance that against the needs of the Haitian majority. This has been the consistent and tragic conflict facing Haitian democracy. True

solidarity with Haiti comes with the understanding that democracy in Haiti will be best advanced by the democratization of the foreign policies of the western nations, and the ultimate responsibility of that lies with us.

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Haiti Solidarity Actions: *Between February 27 and March 6, member committees of the Canada Haiti Action Network will host public events in nine cities across Canada to mark the fifth anniversary of the overthrow of the elected government of President Jean-Bertrand Aristide in Haiti. Filmmaker Kevin Pina will do presentations in six of those cities. In Ottawa on February 28, a day-long conference will feature speakers from different sides of the events of February 2004. For more information on these events, go to the website of the Canada Haiti Action Network http://canadahaitiaction.ca/?page_id=492.*

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