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In mid-January, labor and grassroots organizations held a 24-hour general strike to pressure Prime Minister Rosny Smarth to resign and to force President Rene Preval to suspend most of the austerity measures his administration negotiated with foreign lending institutions, particularly the privatization of state firms. More protests are expected in the coming weeks, since the government so far appears firm in its commitment to push forward with structural adjustment.

Since the Preval administration took office in February 1996, the country has been severely divided regarding government negotiations with the World Bank and the International Monetary Fund (IMF), which have demanded that the executive streamline government bureaucracy and implement fiscal reforms as a precondition for loans. The refusal of Preval's predecessor, Jean Bertrand Aristide, to abide by the banks' conditions had led to a cutoff of aid from the multilaterals and other bilateral donors in 1995. In contrast, the Preval administration has pursued a policy of accommodation with the lending institutions (see NotiSur, 10/20/95, 02/16/96, 03/22/96, and 05/31/96).

Last May, the government signed an agreement with the World Bank to help finance a three-year economic plan, and that, in turn, paved the way for negotiations with the IMF during the second half of the year. In late October, the government finally signed an accord with the IMF, which authorizes US$131 million in balance of payments support. The IMF loans will be slowly disbursed over the next three years, and an initial US$22 million installment was already delivered in November. Tax reforms, privatization, and public-sector layoffs planned Under the IMF and World Bank agreements, the government has promised to significantly reduce the budget deficit estimated at about US$125 million this year by overhauling the tax system and modernizing the state apparatus.

Regarding taxes, the government plans to crack down on evaders, collect back taxes from businesses, and impose some new taxes, such as a 10% levy on restaurant services. Among other measures, the government also plans to reduce the public-sector work force during the next two years by 7,500 or about one-fifth of the 35,000-member bureaucracy through a combination of direct dismissals, voluntary resignations, and early retirements. In addition, the government is committed to a series of market reforms, such as lowering or eliminating protective tariffs on food and other imports. The most controversial reforms, however, are plans to partially privatize nine of the country's 33 state firms during the next two years.

Given the widespread opposition to privatization, the government and the multilaterals negotiated a compromise agreement that calls for selling a minority of shares to the private sector rather than privatizing the firms outright. It also calls for leasing government services to private companies or contracting independent businesses to manage state firms. A new Council for the Modernization of State Enterprises (CMEP) was set up in December to oversee the privatization program. The fivemember CMEP, which is receiving technical assistance from the World Bank, has already met more than 20 times since its creation to accelerate the reform program. The CMEP hopes to begin the first privatizations by the second quarter of 1997, with the goal of completing the process within two years. The nine companies affected by the program include a state cement plant, a flour mill, the seaport authority, the airport, the electricity company, the telephone company, two state banks, and an edible oil plant.

General strike paralyzes nation

Opposition to the austerity program has steadily gained force since the Preval government took office. Labor leaders and grassroots organizations grouped in the Anti-IMF Committee say the measures will create much greater hardship for the country's poor majority, which is still reeling from the severe deterioration in living standards that took place after the military overthrew former president Aristide in September 1991. From 1991-1994, the economy contracted by an accumulated total of nearly 27%, largely because of the international embargo that was imposed to force the military government to step down (see NotiSur, 10/20/94).

In 1995, after the Aristide government returned to office, the economy did begin to rebound, with a 3.5% expansion that year. But in 1996, the economy dipped slightly again, with growth slowing to about 2.9%. Unemployment continues to affect about 80% of the economically active population (EAP). In Haiti, the poorest country in the hemisphere, 61% of the population earns less than US$100 per year. "Everyone here is still living from hand to mouth," said Kesner Pharel, a prominent local economist. "It's going to take awhile before the government's economic program improves things." Given the government's decision to accelerate the austerity program this year, in late December the Anti-IMF Committee announced a campaign to carry out nationwide protests, beginning in January, to force the resignation of Prime Minister Rosny Smarth, who has spearheaded government negotiations with the IMF and the World Bank.

In addition, the committee has demanded that the government renege on its commitments to the multilaterals and cease negotiations with them. The protests gained momentum after Jan. 9, when the police violently confronted a peaceful demonstration of about 200 people in the capital. Officers fired tear-gas canisters at the demonstrators, injuring many, including one man whose right hand had to be amputated after he was hit by an exploding canister. The police reaction to the protest widely considered an overreaction and a deliberate provocation against opposition organizations inflamed committee members and their supporters, encouraging labor leaders and grassroots groups to convoke a 24-hour general strike on Jan. 16. About 160 organizations joined the strike, which virtually paralyzed the country.

In Port-au-Prince, demonstrators set piles of tires ablaze, blocking intersections with smoking barricades. Shops stayed shut, parents kept their children from school, and transportation was completely shut down. In the northern city of Cap-Haitien, one man was reported killed when security guards fired on a mob that stormed a local food warehouse. Protests fail to sway government Despite the protests, the government has remained firm. Smarth refuses to resign, and President Preval says he will firmly back his prime minister and uphold the economic program. "We have not made our economic-policy choices lightly," said Preval. "Any change in the government now would only delay economic reforms that are essential. We have to take this road if we want

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a better future." Indeed, the government is caught between a rock and a hard place, given the pressures from the multilaterals to hold its course.

The World Bank's recent Country Assistance Strategy for Haiti bluntly states that "failure to comply with the stabilization program, abandonment of the privatization effort, and backtracking on trade reforms" will result in the suspension of loans tied to structural adjustment policies. On the other hand, the Anti-IMF Committee says it will continue its street protests, and it is preparing for another general strike in early February to coincide with the government's first anniversary celebration on Feb. 7. "Our people are clamoring for the government to step down," said Claude Rene, head of the committee. "We intend to undertake a campaign to sensitize and inform the people regarding how nefarious these structural adjustment policies really are." [Sources: International Market Insights, US- Embassy (Haiti), 01/13/97; New York Times, 01/17/97; Inter Press Service, 10/22/97, 12/04/97, 12/29/97, 01/15/97, 01/22/97; Reuter, 01/16/97, 01/24/97, 01/26/97; Agencia Centroamericana de Noticias-Spanish news service EFE, 01/10/97, 01/13/97, 01/15/97, 01/17/97, 01/28/97]

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