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Haiti News Briefs: Prime Minister Nominated, Runoffs Postponed, Privatization

by LADB Staff

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President nominates new prime minister to Parliament

On July 28, Haitian President Rene Preval nominated a new prime minister, Eric Pierre, to replace Rosny Smarth, who resigned last June. If his nomination is approved by Parliament, Pierre will likely push forward with the structural-adjustment program begun by his predecessor, including the controversial privatization of nine state firms. Smarth resigned on June 9 under intense pressure from opposition organizations loyal to ex-president Jean Bertrand Aristide, who had encouraged labor and grassroots groups to oppose the government's program of neoliberal economic reform. Aristide's support helped foster a broad opposition coalition, which carried out near-constant protests during the first half of this year including two national strikes to force Smarth's resignation (see NotiCen, 01/30/97, 04/17/97, 06/12/97). Since Smarth stepped down, a power vacuum has engulfed the country.

President Preval a close ally of Aristide in recent years has been reluctant to confront the popular ex-president head on, leading to nearly two months of indecision on a replacement for Smarth. As a result, Preval has come under heavy criticism, especially from the US which firmly backs the structural-adjustment program for failing to take the helm and for bowing to pressure from Aristide. "The lack of a strong leader particularly given Aristide's renewed prominent role in economic and political questions poses a serious threat to US interests in privatization and economic reform," read a staff report from the US House of Representatives' International Relations Committee, which was released in early July. "One cannot help but conclude that Preval is unwilling to challenge Aristide or Aristide's increasingly vocal criticism of the economic reform."

Consequently, the US government has quietly pressured Preval to assume stronger leadership. In late June, Anthony Lake, President Bill Clinton's former national security advisor, travelled to Haiti to meet with officials. Although a private visit, the meetings were supported by the US Embassy, and Lake reported to Clinton after returning to the US. In mid-June, US Ambassador to the UN Bill Richardson also headed a delegation to Haiti that included assistant secretary of state for inter-American affairs Jeffrey Davidow and other high-level officials from the Pentagon, the State Department, and the National Security Council. "We're actively looking at ways in which we can help things move forward in Haiti," said White House spokesperson Eric Rubin.

On July 17, the pressure for Preval to name a replacement increased because Smarth who has been running the government on a caretaker basis since his resignation said he will not continue beyond Aug. 9, regardless of whether a new prime minister is appointed. In late July, Preval held a series of meetings with members of parliament to choose a new prime minister from a list of about a half-dozen potential nominees. According to Senate president Edgar Leblanc, Preval chose Eric Pierre specifically because of his understanding of the structural-adjustment program and his support

for privatization. Pierre, a technocrat with no party affiliation, is Haiti's delegate to the board of the Inter-American Development Bank (IDB) in Washington. Pierre was on Preval's original short list in 1996, when the president chose Smarth as prime minister.

Runoff legislative election remains indefinitely postponed

In mid-June, Haiti's Provisional Electoral Council (CEP) postponed the second round of parliamentary elections indefinitely because of mounting domestic and foreign criticism concerning the "irregularities" that occurred during the first round of balloting last April. Nine seats in the 27-member Senate and two in the 87-member Chamber of Deputies were contested in the first round. In only three races two in the Senate and one in the Chamber--did a candidate take the necessary absolute majority, all of which were awarded to the Fanmi Lavalas party, headed by ex-president Aristide.

The runoff vote for the remaining seats was originally scheduled for May 25, but the CEP postponed the balloting until June 15 under pressure by opposition parties and the diplomatic community to carry out reforms and tighten security to increase public confidence in the electoral process (see NotiCen, 05/29/97). Three days before the June 15 vote, however, the CEP announced the indefinite postponement of the runoff. Apparently, former prime minister Smarth's resignation on June 12 greatly influenced the CEP's decision, since Smarth cited abuse of power by the CEP and concern over fraud in the April balloting as key reasons for his resignation.

Smarth feared that the CEP which is dominated by Aristide loyalists was manipulating the electoral process to give Fanmi Lavalas control over the Senate, which it could then use to obstruct the government's economic program. Indeed, a new report on the April elections by the Organization of American States (OAS), released in mid-July, confirms widespread irregularities during the first round, in which barely 5% of the registered electorate actually went to the polls.

According to the OAS, the elections were marred by lack of security and verification mechanisms to preserve the credibility of the results. Many ballot boxes were not properly sealed during the vote, which may have allowed ballot stuffing. According to the 38-member OAS team that observed the elections, in several locations the number of votes cast tripled during a very brief period of time, even though additional voters had not arrived at those polling places. The report cited as one example the village of Delmas, where, by 3:00 PM local time, 73 people had cast ballots. But in the 100 minutes that followed, 175 more votes were suddenly registered. Given the general suspicion of fraud, nearly all parties--including the governing coalition Organisation Politique Lavalas (OPL) refused to participate in the runoff unless the first-round results were canceled and substantial reforms enacted. "The CEP was forced to postpone the vote because everybody knew that nobody would go to the polls," said OPL Secretary General Gerard Pierre-Charles. According to CEP president Alexandre Lavaud, the council postponed the runoff to provide time for "further discussion" with political parties "to guarantee fair elections."

Nevertheless, although seven weeks have passed since the postponement, a new date for the vote has not been set. The OPL and other parties warn that they will still not participate unless the first round is repeated and substantial changes are made in the CEP to assure impartiality.

Privatization program moves forward, despite political crisis

Despite the resignation of ex-prime minister Smarth in June and President Preval's inability to form a new cabinet since then, the plan to privatize nine state enterprises the cornerstone of the government's structural-adjustment program- -is moving forward on schedule. Last December, the government created a five-member Council for the Modernization of State Enterprises (CMEP) to oversee the privatization program, and since then, the CMEP has been working nonstop to prepare the groundwork for bidding on the firms targeted for sale. These include a state cement plant, a flour mill, the seaport authority, the airport, the electricity company, the telephone company, two state banks, and a vegetable-oil plant. According to CMEP members, the council is among the government units least affected by Smarth's resignation. "The fact that there is no government will not have any effect," said CMEP member Michel Presume in a recent interview with The Miami Herald.

In fact, two days after Smarth's resignation, a contract was signed with the US firm Price Waterhouse to carry out studies on the cement plant and flour mill to prepare them for bidding. Those two companies are the first ones slated for privatization, with the sales expected to take place in late September. The Price Waterhouse team arrived in June, and a bidders' conference is expected to be held in early August. The CMEP has run notices in both local and foreign newspapers alerting potential bidders. The cement-plant and flour-mill studies are being funded by the World Bank.

The US Agency for International Development (USAID) has funded similar studies for the seaport, airport, and telephone company, and the IDB is funding a study of the electric company. A contract has already been signed with a Canadian firm to do this last study, determine the form of privatization, and then act as financial advisor when it comes time to call for bids. None of the nine firms will be sold outright to private investors. Rather, control will be turned over by concession, management contract, or joint venture. In the case of a joint venture, the government will retain a minimum of 20% ownership and a maximum of 49%.

The flour mill, cement plant, two banks, and the telephone company will be joint ventures, according to Presume. The airport will be a concession, and the seaport will initially be a management contract. The CMEP has already asked financial advisors to submit bids to handle the airport and seaport transactions. As for the vegetable-oil plant and the electric company, the form of privatization must yet be determined. [Sources: Agence France-Presse, 06/16/97, 07/03/97; Inter Press Service, 06/11/97, 07/12/97, 07/13/97, 07/17/97, 07/22/97; Miami Herald, 06/25/97, 06/28/97, 07/03/97, 07/25/97; Reuter, 06/12/97, 06/13/97, 06/29/97, 07/28/97; New York Times, 07/23/97, 07/29/97]

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