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Political Crisis Having Disastrous Effects on Haiti's Economy

by LADB Staff
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Haiti's year-old political crisis, caused by the legislature's inability to agree on a prime minister (see NotiCen, 09/24/98), is having disastrous consequences for the economy. As far back as April, during a brief visit to Haiti, US Secretary of State Madeleine Albright very publicly warned that the ongoing political stalemate could hurt the ability to get international financial aid. The international lending community will condition new aid on improvement in the political climate in Haiti and on the elaboration of an economic policy, she said. "Frankly, we have been disappointed that Haitian political leaders have taken so long to resolve their differences," said Albright.

Opponents of former president Jean Bertrand Aristide (1990-1995) charge that his Famille Lavalas party is prolonging the stalemate to enhance his chances to return to power in the next election. Albright's visit was followed in May by three visits from President Bill Clinton's special envoy Anthony Lake, who tried, without success, to mediate among the political factions holding up the appointment.

Mark Schneider, an Agency for International Development (AID) official, said that a new government in Haiti would be able to get "sizable amounts" of international funding for health, education, and infrastructure that in turn would attract private-sector investment. In his most recent report on Haiti to the General Assembly, UN Secretary General Kofi Annan said the crisis is "a serious impediment to economic development and international assistance."

Meanwhile, government workers are unpaid, many courts do not have judges, and half of Haiti's foreign missions, including embassies in the US and Canada, do not have ambassadors. "Misery is advancing, public services are lacking, aid is not flowing, and there is no budget to confront the emergency," said Chavannes Jean-Baptiste, leader of the country's most prominent peasant group and a former Aristide ally. "The situation is one of total desperation and confusion, and nobody is opening an exit door."

Haiti’s social indicators slip

Four years after the US intervention to restore democracy to Haiti, the United Nations Conference on Trade and Development (UNCTAD) reported that Haiti is the only Latin American country on the list of the world's 48 least-developed nations, with an annual per capita income of US$300 and a rapidly deteriorating economy. In human development, the United Nations Development Program (UNDP) placed Haiti near the bottom of the countries it rated. In 1997, Haiti ranked 145th, dropped to 156th in 1997, and is now in 159th place.

A report by the Inter-American Development Bank (IDB) traces the deterioration to the economic embargo imposed on Haiti during the dictatorship of Gen. Raoul Cedras (1991-1994) and the
political crisis following the restoration of Aristide to power in October 1994. The report said the crisis was hurting economic recovery and discouraging investment "with negative consequences for employment and economic growth." The IDB estimates that Haiti has lost US$400 million of the US$2.8 billion in credits and donations offered by the international community since Aristide's return to power, and that growth in 1999 will be less than the 1997 figure of 1.1% The crisis also has discouraged US lawmakers, who voted to reduce a Clinton-administration request for financial aid to Haiti from US$140 million to US$30 million.

Haiti's major source of income is the estimated US$500 million in dollar remittances sent home by Haitians living abroad. This is about twice the Haitian government's national budget. Economy and Finance Minister Fred Joseph said the proposed budget for fiscal 1998 is inadequate for normal expenditures or to stimulate investment to reactivate the economy. In effect, there is no new budget. Since the legislature is paralyzed, the government is using the same budget it enacted two years ago. (Sources: The Miami Herald, 10/08/98; Notimex, 04/05/98, 10/12/98, 10/15/98, 10/20/98, 10/22/98)