

Foreign Aid Given, Haitian Justice Once Again Denied

Democracy Undermined, Economic Justice Denied: Structural Adjustment and the Aid Juggernaut in Haiti, by Lisa McGowan, published by The Development GAP. Review by Alex Dupuy

On 16 January, thousands of protesters in towns and cities across Haiti took to the streets, throwing rocks, burning tires and paralyzing the country in the largest of a series of strikes organized by grassroots organizations against the structural adjustment policies of the Haitian government. Since he took office in February 1996, President Rene Preval has fully adopted these widely unpopular economic measures, which have been prerequisites for the receipt of funding from the international financial community.

Coinciding with these demonstrations was the release of a report by The Development GAP that cautions that, "with no one listening to them in the halls of government and the IFIs, the Haitian people are increasingly forced to express their opposition on the streets through strikes, demonstrations and civil disobedience." Written by Lisa McGowan, *Democracy Undermined, Economic Justice Denied: Structural Adjustment and the Aid Juggernaut in Haiti* warns that the current economic program will perpetuate and intensify the economic, social and political crises in Haiti and regenerate the country's historic instability.

Carefully documented and clearly presented, McGowan's report offers critical analyses of the real objectives of the IMF/ World Bank/USAID structural adjustment policies for Haiti. "Rather than helping to straighten out Haiti's distorted economy, the combined effect of ... the adjustment policies has been to put a financial straightjacket around it that constrains overall economic activity," writes McGowan. "These policies continue to serve the interests of a few creditors, some foreign investors and consumers, and a small class of Haitian elites at the expense of the Haitian people."

McGowan points out that the IMF has pushed the Haitian government to curb public spending on basic services for the poor while encouraging subsidies for the private sector and foreign investors in the form, for example, of tax and tariff exemptions and public expenditures on infrastructure. The IFIs and USAID have also sought to transform the policies that have protected Haitian agriculture and industries. Among the effects of this action, emphasizes McGowan, will be to eliminate small peasant farms, which cannot compete with cheaper and often subsidized imports, to concentrate scarce development resources in the promotion of agribusiness trade and investment and in production for export, and to increase dependency on food imports.

Ten years ago, for example, Haiti produced practically all the rice it consumed, but today, following market liberalization, it produces only about 50 percent of its needs. The other 50 percent, The Development GAP report relates, is made up by importing rice from the United States, which subsidizes its rice producers. Haiti has now become the largest market for U.S. rice in the Caribbean and the seventh largest importer of U.S. rice in the world.

The IMF, McGowan emphasizes, also wants to preserve Haiti as a cheap-labor haven for assembly industries. It has forbidden increases in the minimum wage, despite the fact that such increases would both raise worker productivity and decrease their poverty. Moreover, because of the tax holidays and tariff exemptions granted to these industries, they contribute virtually no revenues to the Haitian government. At the same time, according to the report, "the IMF, with the support of the other IFIs and some bilateral donors, has actively precluded the implementation of many programs and policies advocated by popular sectors and small producers to address the twin problems of the high cost of living and declining wages and production."

Democracy Undermined, Economic Justice Denied concludes appropriately with a review of some of those measures emanating from a broad base of Haitian civil society and with a call for the strengthening of grassroots, women's, workers' and peasant movements in the fashioning of economic policy.

Alex Dupuy is professor of sociology at Wesleyan University and author of *Haiti in the New World Order: The Limits of the Democratic Revolution* (West-view Press/Harper Collins, 1997).

Democracy Undermined, Economic Justice Denied: *Structural Adjustment and the AID Juggernaut in Haiti* can be purchased for US \$5 from The Development GAP. It is also available (free of charge!) On this web site.

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