

Haiti Gets \$40m Credit

 One day after Haiti cleared its US\$82 million in arrears to the IMF and World Bank, the World Bank announced the signing of a \$40 million IDA credit with the government of Jean Baptiste Aristide for balance-of-payments support. The loan is the first from the international financial institutions (IFIs) since the September 1991 military coup that ousted Aristide. It is also the first major infusion of capital into Haiti since his return to the country in October 1994.

Rainer Steckhan, the Director of Special Operations for Latin America and the Caribbean, said at a 20 December press conference that he expected the Bank to disburse the first \$20 million within three weeks. He estimated that around \$400 million is needed for emergency economic assistance, including further balance-of-payments support, civil works and technical assistance, employment and rehabilitation of social and economic infrastructure, and private-sector development. Additional needs are estimated to include \$100 million for humanitarian assistance and \$79 million for governance projects.

The emergency economic assistance plan was designed primarily by staff and consultants of the World Bank, the IMF and the United States Agency for International Development (USAID). Leslie Delatour, current director of Haiti's Central Bank, was also a key architect of the plan. An ex-World Bank staffer who has a PhD in Economics from the University of Chicago and who was Finance Minister in Haiti under several military regimes between 1986-1988, Delatour served as an

economic advisor to President Aristide during his years of exile in the United States.

Local non-governmental organizations and popular groups have been virtually excluded from formulating the policies and projects of the IFIs that will determine the shape of the Haitian economy for years to come.

Over the past three years, Haiti's GDP has declined by 30 percent. Unemployment is increasing, and the minimum wage in Haiti has dropped to \$1 a day, down from \$3 a day in the mid-1980s.

The peasant agriculture sector upon which over 70 percent of the population depends for its living has been severely decapitalized since the coup. There has been rampant theft and destruction of credit union funds, food storage facilities, tree nurseries, tools, machinery, and livestock. The embargo, though supported by most of the population as politically necessary, also had negative economic impacts. Availability of labor has been severely limited, as tens of thousands of people remained hidden for three years. The resulting drop in food production and increase in the number of people going hungry has led to the dependence of more than one million people on international humanitarian assistance for food. This situation has led small-farmer associations and other Haitian development groups to call for international assistance to strengthen peasant agriculture generally and food production in particular as a necessary condition for Haiti's economic recovery.

International donor plans for economic recovery do not target this important sector. Instead, donors are pushing for: zero tariffs on all but four local food crops; the privatization of state enterprises and services such as

electricity, telephones, and state-run sugar and flour mills; and the provision of short-term minimum-wage employment in public works projects. Donors have agreed to provide technical assistance, investment and credit funds to export agriculture and assembly industries, which are known to be controlled by a tiny, wealthy, and anti-democratic elite.

Not surprisingly, the business elite of Haiti, many of whom supported the coup against President Aristide, are increasingly happy with their new situation. With the help of the international financial institutions, their economic pre-eminence is assured. With friends like these, they ask, who needs the military?

Lisa McGowan