Helping the Neoliberal Destruction of Haiti's Economy

Canada was instrumental in helping to devise, finance, implement and legitimize a destructive, neoliberal program—the so-called Interim Cooperation Framework (ICF)—that reversed many of the economic achievements put in place by the democratically-elected governments of Presidents Aristide and Preval. The ICF's economic-restructuring program—created largely by foreign "experts" linked to the World Bank, the UN, the Inter-American Development Bank and the European Commission—benefited international and Haitian elites at the expense of the poor majority of Haitians.

Haiti's Civil Society Denounced the ICF

On June 11, 2004, delegates from 31 civil-society organizations met in Port-au-Prince to analyse the documents and proposals of the Interim Cooperation Framework (ICF) process. The aim of the ICF was, according to official documentation "to constitute the basis of a national development program covering our country's priority needs in the short and medium term."

The drafting of the ICF was agreed at a Washington, DC-meeting (March 23, 2004) and confirmed at a meeting of donor governments, including Canada, with Haiti's illegally-imposed "Interim Government" (April 22).

Here are some major problems with the ICF that greatly concerned Haiti's civil-society organizations:

- The whole exercise is taking place in the context of an increasing loss of sovereignty. The supervision of our country is being undertaken in the framework of a long-term military occupation. This unacceptable situation is the result of a long process of deterioration in our institutions and the collapse of state structures which has been accelerated by the application of neoliberal-inspired policies over the course of the last 25 years and by the instability linked to an interminable political crisis.
- The process of drafting the ICF is controlled by external actors with the complicity of the current government in the framework of a technocratic approach. This excludes all real participation of the majority and vulnerable sectors of our country.
- The content of the draft documents and summaries reveal:
  - A technical approach based on prolonging a dependent state that ignores the priority social needs of our country's poor and majority sectors;
  - Superficial solutions to the problem of abject poverty which effects two-thirds of our country's citizens;
  - Too little attention to problems effecting producers from the peasant sector, which has traditionally been marginalized by the public investment. This also applies to the proposals about food security;
  - The decision to privatise the Electricity Co., the Port-au-Prince Water Board, the Telephone Co., the Airport and Port Authorities, with probably disastrous effects in a country characterised by the weak purchasing power of more than 80% of users and potential consumers;
  - Many of the recommended measures can reinforce the process of weakening State structures;
  - No convincing strategy concerning sectors needed to play a key role in all serious processes with national relevance: youth, women, shantytown residents, informal-sector workers, older people, small and medium size enterprises, etc.
- The drafting process is taking place in a pseudo-colonial framework.
- The ICF is developing without any concern for transparency. Important sums of money have been spent to gather ICF experts for a short period of a few weeks, and next to nothing has been allocated for a credible consultation process. The three so-called regional consultation meetings don't respect bare minimum requirements for serious consultation (distribution of documents in advance, a transparent and representative participation, publicising the progress reports), and it will take place in the framework of a limited and partial invitation.
- The ICF constitutes an instrument that reinforces the existing power structure. It risks aggravating the suffering of the most excluded and exploited sectors, and accelerating the process of destroying our nation.
- The ICF ignores multiple efforts to draft communal and local plans that have taken place over the years.

Source: "Haitian civil society organisations' declaration on the Interim Cooperation Framework process," June 14, 2004. <www.grassrootsonline.org>

CIDA Funding for the ICF

Since the spring of 2004, in cooperation with other donors and in support of Haiti's interim government, Canada has actively assisted in developing and implementing the ICF, a reconstruction plan that was initially to take place from July 2004 to Sept. 2006. From April 1, 2004, to March 31, 2006, Canada disbursed more than $190 million.

Source: "Canadian Cooperation Program In Haiti - Overview," CIDA.

Some"of the ICF's Many Destructive Elements:

- Slashing subsidies for Haiti's impoverished farmers,
- Reducing the minimum wage,
- Dismantling an extremely successful adult-literacy program,
- Giving a three-year tax holiday to large businesses,
- Paying former soldiers (in the army Aristide had disbanded) $30 million in "back wages,"
- Preparing for the privatization of Haiti's remaining state enterprises [such as electricity, water, telephone, airport and port authorities, education and health].

Source: Nik Barry-Shaw, "Malign Neglect or Imperialism? NGOs Blind to Canada's Crimes in Haiti," *ZNet*, Oct. 24, 2005.

Canada Pushes Haiti into Private Bank

By Marcella Adey

The Interim Cooperation Framework (ICF), sponsored by the U.S., Canada and France, continues to enforce a neo-liberal, economic policy centered around privatization and export-promotion on the already-devastated country. While Canada boasted its support of this agenda, a key piece of the ICF remained in the shadows, Canada's sponsorship of Haiti's membership in the private, Caribbean Development Bank (CDB). Foreign Affairs Minister Pierre Pettigrew, sits as Vice-President of the Board of Governors, its highest decision-making body.

Canada, a major investor in the CDB, will pay Haiti's registration fee. Denis Marcheterre, a senior Multilateral Financial Institutions specialist with CIDA, said Canada wanted to ensure that Haiti joined the CDB during the non-elected, interim-regime period, and prior to any elections. This effectively locks Haiti into long-term debt, not decided by the Haiti's people, but by those in Washington and Ottawa.

Canada was the first country to pressure Haiti into joining the Bank in 1998. In 1999, when Haiti officially applied, aid flows from Canada and the U.S. began dropping. Then, for four years, the CDB would not accept Haiti due to financial requirements and Haiti's lack of "good governance." In May 2003, the month of the "Ottawa Initiative" meeting where top Canadian officials and others decided that Aristide must leave [see pages 13-14], Haiti was deemed to meet the CDB's conditions. Then, after Aristide's removal, Canada agreed to pay their registration fee. Never mind that Haiti was now being run by an unelected government.

The ICF, which has made key recommendations to the CDB on programs to be coordinated and financed by the bank, was initially developed at that same "Ottawa Initiative" meeting. It bears resemblance to slave-era control by "civilized society" of the black majority. The shackles that now bind Haiti are sweatshops wages, export-development of Haiti's precious resources and forcing the privatization of popu-

www.outofhaiti.ca/pettigrew

Then-Foreign Affairs Minister Pettigrew was Vice President of the CDB

lar, publicly-funded, essential services and utilities, the last point highlighted in the CDB's records of ICF major recommendations, which includes "private sector development."

Marcheterre said Canada's involvement in the CDB is largely to ensure that Canadian corporations have the opportunity to win contracts in borrowing countries, like Haiti. Requirements imposed by the CDB for winning contracts, effectively the programs financed by the loans, were established with little, if any, consideration for the climate facing Haiti's poor majority.

With Canada's Minister of Foreign Affairs playing a key role in establishing policies for one of the region's main, private-lending institutions, and Haiti's unique history as a recipient of Canadian development assistance, we can better understand the importance attached to the CDB and the urgency with which Canada rushed finalization of Haiti's CDB membership prior to elections that might produce a less-pliant government.

There is a significant risk that the CDB will only benefit Canadian corporations and private lenders. Marketed as a component of Canada's "overseas development assistance," this would only further lock-in Haiti's underdevelopment and continue its history of victimization by the powerful.

Source: "Canada Sponsors Illegal Membership of Haiti to Caribbean Development Bank," *ZNet*, Nov. 22, 2005.

"Privatization, Privatization, and Privatization"

By Naomi Klein

On June 20, 2005, I visited Aristide in Pretoria, South Africa, where he lives in forced exile. I asked him what was behind his dramatic falling-out with Washington. He offered an explanation rarely heard in discussions of Haitian politics—actually, he offered three: "privatization, privatization and privatization."

The dispute dates back to early 1994. Haitians were living under the barbaric rule of Raoul Cédras, who overthrew Aristide in a U.S.-backed coup in 1991. Despite popular calls for his return, there was no way Aristide could face down the junta without military back-up. Increasingly embarrassed by Cédras's abuses, the Clinton Administration offered Aristide a deal: U.S. troops would take him back to Haiti—but only if he agreed to a sweeping economic program to "substantially transform the nature of the Haitian state."

Aristide agreed to pay the debts accumulated under the kleptocratic Duvalier dictatorships, slash the civil service, open up Haiti to "free trade" and cut import tariffs on rice and corn in half. It was a lousy deal but, Aristide says, he had little choice.

But Washington's negotiators made one demand that Aristide could not accept: the immediate sell-off of Haiti's state-owned enterprises, including phones and electricity. Aristide argued that unregulated privatization would transform state monopolies into private oligarchies, increasing the riches of Haiti's elite and stripping the poor of their national wealth.

Aristide's relationship with Washington has been deteriorating ever since. While more than $500 million in promised loans and aid were cut off, starving his government, USAID poured millions into the coffers of opposition groups, culminating ultimately in the armed coup of February 2004 .

Source: Naomi Klein, "Aristide in Exile," *The Nation*, July 14, 2005 <www.thenation.com>