

Haiti needs debt consolidation now

By Mark Schuller and Debayani Kar

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(Port-au-Prince) Two months have passed since President René Garcia Prével took office to raised hopes. There are some concrete signs of improvement, at least in the nation's capital: The electricity is running more regularly in several areas, streets are being repaired, and trash is being picked up. But alongside these signs of hope are signs of impatience. Members of former president Jean-Bertrand Aristide's Lavalas party recently took to the streets to insist the new government work quickly to put an end to desperate poverty. This week Haiti hosts a donors' conference of rich nations, hopeful the international community will support the country's efforts to meet its pressing needs.

While the sociopolitical and economic situation in Haiti is complex, much of Haiti's current misery can be traced to debt. Haiti was plunged into a 100-year debt to pay France 150 million francs as indemnity for slave-owner losses, draining resources and paving the way to both underdevelopment and divisions in society. Haiti now has a contemporary and unpayable debt that began accumulating under the notorious Duvalier regimes.

This past April the World Bank took note of the country's debt burden and announced that Haiti, the most impoverished country in the Americas, would be added to the list of countries eligible for debt cancellation under the (Group of 8) G-8 rich nations' debt deal adopted by leaders in 2005, at the height of worldwide concern for Africa and other impoverished regions.

Currently, Haiti's debt is estimated at \$1.4 billion and rising; yearly debt payments total almost \$60 million. This is extremely serious given the level of poverty and suffering in Haiti: Life expectancy is 53 years, 23 percent of children under 5 are chronically malnourished, and 6 percent of the adult population is infected with HIV.

It is clearly important that world leaders have begun to acknowledge the importance of canceling Haiti's debt to fight poverty. But Haiti's inclusion in the G-8's debt program administered by the IMF (International Monetary Fund) and World Bank is insufficient because these institutions' burdensome requirements to qualify for debt cancellation mean that Haiti will not see cancellation for three or more years. Meanwhile, Haiti will pay \$220 million, money better used for building schools and providing clean water and health care. Further, this debt cancellation initiative does not include Haiti's half-a-billion-dollar debt to the Inter-American Development Bank (IDB), Latin America's largest lender.

Under the IMF and World Bank's debt relief requirements, Haiti will have to implement several more years of controversial economic "reforms" that will hurt the poor. These economic policy strings will continue to drain Haiti's productive capabilities and reduce its already minimal social safety net, while resulting in deadly delays to debt cancellation. Such reforms often include privatizing water and electricity systems, which decrease access for the poor, and restricting

health and education budgets when teacher and doctor shortages already exist. Haiti has undergone years of similar harmful reforms, including trade liberalization, which decimated domestic rice production.

Rich-country creditors have failed to recognize the illegitimate origins of much of Haiti's debt, which provides another compelling argument for immediate cancellation. An estimated 45 percent of Haiti's \$1.4 billion debt was accrued by the notorious regime of former Haitian dictators François and Jean-Claude Duvalier. Exploiting Cold War tensions, the Duvaliers successfully secured \$900 million in international loans during their 29-year tenure even though lenders knew these funds were used to enrich the Duvalier family and feed their brutal military regime. Rather than seizing his assets after Duvalier fell from grace, the international community has forced the Haitian people to take responsibility for these odious Duvalier debts.

This is unacceptable. Given the crisis of poverty in Haiti today and the "odious" origins of the debt, the people of Haiti can no longer afford to pay these debts. The new government of René Préval requires a clean slate to carry out social programs and heed the demands of the impoverished majority.

As a Haitian activist explained: "Canceling Haiti's debt, that is already the biggest aid you can give Haiti -- This unties our hands for us to begin anew."

Mark Schuller is an anthropology Ph.D. student, currently in Port-au-Prince who has conducted two years of field work in Haiti. Debayani Kar is communications and advocacy coordinator of Jubilee USA Network. www.jubileeusa.org