Haiti from Independence to US Occupation

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Note to Participants in the Conference: This is Chapter 7 of my forthcoming book on The economic History of the Caribbean since the Napoleonic Wars. If you want to see the Tables and Notes on the tables on which it draws, let me know by e-mail (vbulmerthomas@gmail.com) and I will send them to you.

This chapter, the last in Part I, is devoted to Haiti. It is unusual for two reasons. First, although other chapters stopped at the end of the 19th century, this one ends with the US invasion in 1915. The period immediately preceding the US Occupation, which lasted until 1934, was a crucial period in Haitian economic history and has to be included here. Secondly, it is the only chapter in Part I devoted to a single country and this requires an explanation.

Haiti was the first independent country in the Caribbean and, with the exception of the Dominican Republic[1], would remain the only independent country for the whole of the 19th century. Thus, it is of interest to see how an independent country fared in comparison with the surrounding colonies. Secondly, modern interpretations of Haiti tend to be based on a misunderstanding of its performance before the US invasion, it being often incorrectly assumed that Haiti was the poorest country in the region from independence onwards[2].

Decolonisation today is generally seen in a positive light, since it is expected to increase the resources open to a country, allow for greater control over the instruments of economic policy and improve the chances of exploiting the opportunities created by the international division of labor. However, the situation was not so clear-cut in earlier times. The United States, for example, struggled for many years after the War of Independence (1775-1783) to regain the trading position in the Caribbean it had previously enjoyed as 13 British colonies. Navigation Laws and tariff discrimination held back its development while hostility with the United Kingdom at the beginning of the 19th century led first to President Jefferson's imposition of a trade embargo and later to outright hostilities in the war of 1812[3].

At least the United States won recognition of its independence at an early stage, allowing the new republic to sign international treaties. The United Kingdom, the defeated colonial power, recognised US independence within a few months of the end of hostilities and no reparations were demanded. France, the traditional enemy of Great Britain, had supported the independence movement enthusiastically and welcomed the emergence of a republic in the Americas despite its own monarchical system and its possession of colonies close to the United States. Haiti, as we shall see, was not so fortunate.

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[1] Leaving aside the few months in 1821-2 when it declared independence from Spain, the Dominican Republic was independent from 1844 to 1861 and again from 1865 onwards. This is about half of the 19th century while Haiti was independent for virtually the whole of it.
[2] The database I have constructed for Haiti (see Tables B.1-B.10) is designed to provide a more objective basis for evaluating the country's economic performance upto 1915.
[3] A number of Haitians volunteered to help the US defeat the British in this war.

We have seen in previous chapters that Haiti was not the economic failure that it has become today. Its domestic exports were among the most important in the Caribbean, being exceeded only by Cuba, Guyana and Jamaica in 1820. The subsequent collapse of Jamaican exports left Haiti as the third most important Caribbean exporter for part of the 19th century. Its exports exceeded those of the Dominican Republic throughout the century and those of Puerto Rico in parts of it. With exports concentrated on coffee, it was also for most of the 19th century the world's fourth largest exporter of a commodity whose global consumption was steadily rising[4].

It is true that in *per capita* terms Haiti's performance was much less impressive since it had a large population in comparison with most other Caribbean countries (only Cuba was bigger). However, exports per head were never the lowest in the Caribbean, being either third or fourth lowest in all years after 1820 (see Figure 6.4). This drop was a consequence primarily of the collapse in coffee prices in the 1890s as a result of the over-production in Brazil in that decade.[5]

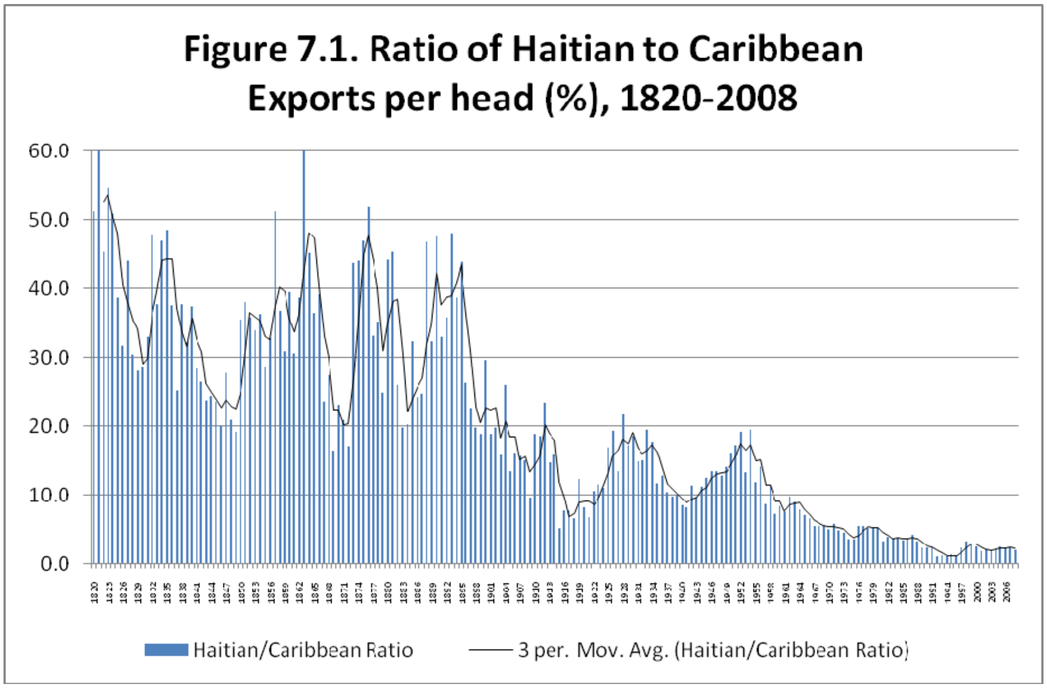
Until that moment, Haitian exports per head had averaged around 40 per cent of those of the Caribbean (see Figure 7.1) – not good, but certainly not a disaster. However, following the 1890s collapse in coffee prices the ratio fell below 30 per cent[6]. Indeed, it continued to fall and – despite a brief rise before the First World War (1914-18) when coffee prices jumped, a much more modest improvement during the latter stages of the US Occupation (1915-34) and a short upturn during the Korean War (1950-4) – had slipped below 10 per cent by 1960. Subsequently, it fell to its current level of around two per cent of the Caribbean average[7]. Thus, the Haitian economy entered a downward spiral in the 1890s from which it has never recovered.

[4] Haiti was actually the third most important coffee exporter, behind Brazil and the Dutch East Indies, until it was overtaken by Venezuela in the 1880s. See Clarence-Smith (2003), Appendix.

[5] High tariffs were also imposed by the United States in 1892 on Haiti's main exports as punishment for the country's refusal to sign a reciprocal trade treaty that would have deprived the government of much of its income from import duties.

[6] The nadir was 1915, the year of the US invasion, when a poor coffee harvest, low coffee prices, the disruption of exports to Europe caused by the First World War and Haitian political instability reduced the ratio to less than 5%. See Figure 7.1.

[7] The final year in Figure 7.1 is 2008, so that it does not take account of the impact on exports of the devastating earthquake in January, 2010.



Source: derived from Tables A.1, A.13, B.1, B.3, C.1, C.8, D.1 and D.6
Note: the decennial data for the Caribbean in Table A.13 have been interpolated for intervening years.

This chapter attempts to explain why this was so. Scholars have argued incessantly as to whether the causes of Haitian backwardness were mainly internal or external. There is no simple answer, since the causes were complex and both internal and external elements were clearly present. However, there is no doubt that Haiti faced an extraordinarily hostile external environment in the 19th century. In responding to this environment, Haitians made decisions which may have been rational at the time but which had negative long term consequences. The cumulative effect of these decisions was to create an economy which was extremely vulnerable to external shocks, such as the coffee price fall in the 1890s, but which lacked the capacity to respond.

The downward spiral, once it started, was not inevitable but extreme political instability in the years immediately before the First World War and the US Occupation thereafter made it very difficult to reverse. The United States, as the occupying power, put its interests far above those of its Haitian protectorate (see Chapter 8). The inevitable reaction to the occupation then created the ideological movement from which Francois Duvalier would emerge triumphant in 1957. Haiti's current nightmare can be traced to that moment.

This chapter begins with the relations of Haiti with the core. It is not a pretty story, but it needs to be told. There follows an examination of Haitian exports that goes beyond what was possible in the previous chapters. This is followed by an analysis of public finance that – far more than foreign trade – was the Achilles heel of the Haitian model. The final section asks the question "when and why did Haiti fall behind?"

7.1. Haiti and the Core

Although Denmark, Holland and Sweden despatched consuls to Haiti in 1826, following France's recognition of the country's independence the previous year, these three countries played only a very small part in Haitian development thereafter. Thus, the "core" in this context refers to its other five members (France, Germany, Spain, the United Kingdom and the United States). All these countries played a large part in Haiti's early history.

The Haitian declaration of independence on 1 January 1804 was greeted with a deafening silence by the rest of the world. Far from being welcomed, it was seen as a threat by all those countries still engaged in the slave trade. Haitian independence also occurred in the middle of the Napoleonic Wars when national interests were even more ruthlessly pursued than usual. The United States, for example, anxious to maintain good relations with France at a time when relations with Britain were tense, imposed a trade embargo on Haiti in 1806 at the request of Napoleon[8]. Since trade with France was also very difficult[9], Haiti began its independent life effectively cut off from two of its most important markets[10]. In these years, virtually the only market open to Haiti was Great Britain, where Haiti had to compete with British colonies on unequal terms. Seen in this light, the decline in the value of Haitian exports compared with the colonial period is perhaps not so surprising[11].

The end of the Napoleonic Wars provided an opportunity for the core to normalise its relations with Haiti. Instead, however, the Treaty of Paris in 1814 and the Congress of Vienna in 1815 made no mention of Haitian independence, referring instead to the return to France of all its former colonies other than those listed (e.g. St. Lucia and Tobago). The implication was that the core, and no doubt other states such as Russia, expected France in due course to try and re-establish sovereignty over Haiti. Indeed, this was the case. Talleyrand, the French foreign minister, signed a secret agreement with Britain at the Congress of Vienna under which the UK was guaranteed access to Haitian ports in the event of a successful French recolonisation.[12] This did not, however, stop the UK from pressuring the Republic of Haiti under Pétion to reduce by half the import duties on British goods at a time when the Republic had become heavily dependent on this source of income[13].

[8] See Montague (1940), p.45. This embargo, in place until 1809, occurred at a particularly unfortunate time in the history of Haiti since it was imposed a few months before the country split into two parts following the assassination of Dessalines in September 1806: a northern part, the State of Haiti, ruled by Henri Christophe that became the Kingdom of Haiti in 1811 and survived until Christophe's death in 1820; and a southern part, the Republic of Haiti, ruled by Alexandre Pétion who died in 1818 and was replaced as President by Jean-Pierre Boyer. The two parts were reunited as a republic under President Boyer at the end of 1820 who then annexed the eastern part of the island in 1822.
[9] Franco-Haitian trade was theoretically impossible for three reasons. First, France did not permit it; secondly, the Napoleonic continental blockade undermined it; and thirdly, the Kingdom of Haiti under Henri Christophe (the northern part of Haiti) banned it. However, in practice there was some trade as a result of the use of neutral flags to transport French and Haitian goods.
[10] The US trade embargo on Haiti ended in 1809 as part of the reaction against President Jefferson's general trade embargo rather than out of special concern for Haiti. See Logan (1941), pp. 176-83.
[11] Hundreds of books and articles have marvelled at the value of exports from Saint-Domingue (modern Haiti) and lamented their subsequent decline immediately after independence, conveniently forgetting that colonial exports were based on forced labor and entered France on preferential terms. See, for example, Lepelletier de Saint-Remy (1844), Vol. I, pp.56-78.
[12] See Blancpain (2001), p.43.
[13] At the time the tariff rate was 10 per cent, so British imports entered at 5%. See McKenzie (1830), Vol. II, p.275.

The first French mission was despatched to the Republic of Haiti (the southern part ruled by President Pétion) in 1814 with orders to re-establish French sovereignty but also secret instructions that included the reimposition of slavery[14]. The mission failed, but not before Pétion had made the potentially fatal admission that Haiti might be prepared to pay an indemnity in return for recognition of its independence. A second French mission in 1816 also ended in failure as France was still determined to regain sovereignty and neither the Republic governed by Pétion nor the Kingdom ruled by Christophe was prepared to consider such a step.[15]

The next opportunity for the core to normalise its relations with Haiti came in the early 1820s following the independence of much of Spanish and Portuguese America from the Iberian colonial powers. The United States was the first to recognize their independence closely followed by the United Kingdom. The latter, however, still refused to accept an independent Haiti on the specious grounds that it could not do so ahead of France, ignoring the fact that it had recognized the independence of the Latin American republics without waiting for Spain – the former colonial power - to do so. This so enraged President Boyer, under whom Haiti had once again become united in 1820, that he cancelled the trade privileges granted by Pétion to the United Kingdom in 1814[16].

With the United States the issue of Haitian independence was affected above all by slavery. Anxious to include the United States in the Pan-American Congress of 1826, where the issue of Haitian recognition by the mainland American republics was on the agenda, Simón Bolívar did not invite Haiti to participate despite the generous support he had received on more than one occasion from Pétion a decade earlier[17]. This sensitivity to US concerns on the part of Bolívar turned out to be completely wasted as the US delegation arrived too late to participate, having spent too long arguing over what position to take[18]. In the event, US recognition of Haitian independence was delayed until 1862. This was shortly before the abolition of slavery and after the outbreak of the Civil War when the slave states were no longer able to block legislation in Congress[19]. A treaty of commerce duly followed in 1864[20].

Non-recognition by the core did not rule out trade relations. However, it did pose a potential threat since there was always the possibility of a challenge to Haiti's territorial integrity. The Haitian state from the very start was therefore highly militarised with a standing army under Boyer in the mid-1820s estimated at 32,000.[21] In comparison with the size of the population this must have been one of the larger

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[14] See Griggs (1952), pp. 57-59.
[15] On the second French mission, see Griggs (1952), pp.60-1.
[16] Boyer admittedly had additional reasons for cancelling the British trade privileges as he had just been forced to offer the same privileges to France and could ill afford to extend tax concessions to two such important trade partners. See Chapter 7.2.
[17] See Bellegarde (1953), pp.121-2. Bolívar received a welcome and generous support from Pétion in 1816. See Lynch (2006), p.97
[18] See Logan (1941), pp.222-9
[19] See Montague (1940), p.86.
[20] See Turnier (1955), Chapter 5.
[21] See Nicholls (1979), p.68 drawing on figures in McKenzie (1830), Vol. II, p.201.

armies in the world and it had to be financed[22]. As we shall see in Chapter 7.3, the Haitian armed forces (army and navy) absorbed around 50 per cent of public revenue in these first decades of independence. The size of this army was a direct consequence of non-recognition by the core, since otherwise it could have – and no doubt would have – been much reduced following reunification of the republic in 1820.[23]

In addition to requiring a large army, the hostility of the core created the need for a National Guard composed of all adult males. This military reserve, for such it was, could be called upon at short notice to defend the territory of the fledgling state and individuals might be required to move far from their homes. The militarised nature of society then helps us to understand one of the fundamental changes in Haiti after the end of colonisation since estate labor was extremely scarce and peasant labor could be disrupted at any time. Under these circumstances it is hardly surprising that Haitian exports shifted from sugar and cotton to coffee and timber since the labor requirements of the last two commodities – combined with the absence of capital - were much more compatible with the militarised nature of society[24].

The hostility of the core is accepted by most scholars as an explanation for high levels of military expenditure in the early days. However, very few accept that there was a need for a large army after French recognition of independence in 1825. Yet the territorial integrity of Haiti remained under threat long after French recognition, culminating 90 years later in the US military occupation. As we shall see, the size of the armed forces was reduced but the military still absorbed around 25 per cent of the budget from1860s onwards. This was a heavy burden for Haiti to bear, but there was not much choice if Haiti wished to remain independent (and in the end it was not even sufficient).

French recognition in 1825, imposed at the barrel of a gun[25], was grudging and unjust because of the indemnity imposed (see Chapter 7.3). Since there was little chance of Haiti being able to comply with the terms of the indemnity, there was the continued risk of French intervention. It was not until 1838 that a renegotiation of the indemnity

[22] There is an interesting exchange of letters between Christophe and Thomas Clarkson in 1819/20 on the prospects for reducing the size of the military to increase the labor force for agriculture. See Griggs (1952), p. 187.

[23] Boyer annexed the eastern part of the island in 1822 with a force of 12,000. The Haitian presence (1822-44) in the eastern part is often described as an "occupation" but it was largely peaceful and initially welcomed by most Dominicans (it only became unpopular when Boyer tried to impose Haitian land and labor laws). See Franklin (1828), pp.238-9. It cannot therefore be claimed that Boyer maintained a large army purely for internal reasons. The external threat weighed heavily on him throughout his presidency.

[24] It has been repeated *ad nauseam* that Haitians refused to have anything to do with sugar (and to a lesser extent cotton) because of its association with slavery. However, I do not accept this. Coffee and logwood were also associated with slavery, but they rapidly became the mainstay of the Haitian economy. Furthermore, although sugar exports eventually collapsed, sugar cane production did not and was used to supply the domestic market with molasses (used as a sweetener) and rum (tafia) without the need for imports. Finally, as soon as well paid opportunities to work in sugar plantations emerged in Cuba and the Dominican Republic from the 1890s onwards, Haitians emigrated in their thousands.

[25] Baron Mackau sailed into Port-au-Prince at the head of a naval fleet carrying the *ordonnance* setting out the conditions for recognizing Haitian independence. As it was already signed by Charles X, the French king, there was no opportunity for negotiation. Boyer has never been forgiven by many Haitians for agreeing to French recognition on the humiliating terms laid down, but the alternative was bombardment. If he made the wrong choice (and he did), he at least avoided a conflict that might have plunged Haiti into more years of war.

provided for improved – but still harsh - terms and less risk of intervention. This was also the moment when the UK finally recognized the independence of Haiti as a sovereign state, having sent only a consul in 1826[26].

Under different circumstances this might have been an opportunity for Haiti to move away from its militaristic society whose armed forces placed such a heavy burden on the public revenue. However, developments in the eastern part of the island precluded this. First, Spain – the colonial power before the Haitian annexation – had never renounced its claims to Santo Domingo and saw in the French indemnity a possible opportunity to impose similar terms for recognition. A Spanish naval mission arrived in Haiti in 1842 with hostile purpose, but Boyer was eventually able to diffuse the situation[27]. The incident might even have led to a *rapprochement* with Spain. However, natural disaster struck Haiti the same year. An earthquake caused enormous damage, Cap Haitien was completely destroyed and Boyer was forced into exile in 1843[28]. Within a year the eastern part of the island had declared independence[29].

The independence of the Dominican Republic made it inevitable that Haiti would keep a large standing army for two reasons. First, it felt obliged under its constitution to seek the reconquest of the eastern part of this island[30]. This was attempted unsuccessfully by President Soulouque (1847-59) on two occasions[31]. Secondly, Haiti anticipated (correctly) that the Dominican Republic would be a weak state that might fall prey to outside powers. A foreign power in the eastern part of the island would be a constant threat to the territorial integrity of the western republic and so, once again, the shrinking of the armed forces was postponed.

For their part, the Dominicans had no confidence in their ability to survive as an independent state in the face of the Haitian territorial claim and sought instead the security of annexation by a member of the core. In this respect the Dominicans were exceedingly promiscuous, seeking the intervention at different times of France, Spain, the UK and the US. It was Spain, however, that acted first, recolonising Santo Domingo in 1861 following an invitation from the Dominican President[32]. The Haitians immediately gave military help to the opponents of Spanish annexation and came close to war with Spain herself.

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[26] It is sometimes assumed that the mere dispatch of a consul is equivalent to recognition, but in international law this is not the case. Haiti, however, regarded a consular presence as *de facto* recognition.
[27] See Ardouin (1853-60), Vol. XI, pp.229-34.
[28] See Léger (1907), pp. 190-1.
[29] See Moya Pons (1998), pp.xx
[30] When Spain signed a peace treaty with France in 1795, she ceded the eastern part of the island. Thus, the France from whom Haiti declared its independence in 1804 had been the colonial power for the whole island. That is why all Haitian constitutions upto the recognition of Dominican independence give the territory as the whole island. The fact that Spanish settlers had won back control of the eastern part of the island from France in 1809 and that this had been recognized by France in 1814 was not considered by Haiti to be of any relevance.
[31] Soulouque, who was crowned Emperor Faustin I two years after becoming President, invaded the eastern part first in 1849 and again in 1855. After this, three members of the core – France, UK and US – combined forces to ensure that no further attempt was made. Soulouque is widely disparaged as militarily incompetent, but his two campaigns did ensure that productive areas on the frontier retained by Spain in 1697 would be incorporated into Haiti by the 1874 boundary treaty. See Bellegarde (1953), pp.162-3.
[32] See Moya Pons (1998), pp.xx

Spain was driven out in 1865 and the first treaty between Haiti and the Dominican Republic was signed in 1867 although the Haitian Congress refused to ratify it[33]. However, far from being the prelude to improved security and demilitarisation, it was immediately followed in 1869 by a plan of annexation of the eastern part of the island by the United States with the connivance of the Dominican President. Had this plan succeeded (it failed to garner the necessary two-thirds majority in the US Senate)[34], there is no doubt that it would only have been a matter of time before Haiti was engaged in an existential struggle for its own survival as an independent state. Instead, following the collapse of President Grant's dream of annexation, Haiti duly signed a definitive treaty with the Dominican Republic in 1874, although the boundaries between the two countries were only finally settled in 1935[35].

Despite this important change on the island, Haiti could still not relax. Following the Franco-Prussian War in 1870, Germany – now unified – began to flex its muscles and to explore for the first time the possibility of acquiring overseas colonies. In 1872 German gunboats arrived in Haiti to demand immediate payment of claims by two German citizens arising from the civil war a few years earlier[36]. Since the cost of the naval mission to Haiti far exceeded the value of the claims, it is unlikely that this was the real purpose[37]. The Haitian government was subjected to another illustration of German military prowess in 1897 over an equally trivial incident that strongly suggested a more geo-strategic purpose.[38]

Before its own civil war (1861-5), the United States had not shown much interest in controlling Haitian territory. The most serious incident occurred in 1857 when a US citizen claimed Ile de Navase (Navassa Island) under the 1856 Guano Islands Act[39]. This island, declared to be part of Haitian territory in all subsequent constitutions, was unoccupied at the time. The Haitian navy tried to expel the individuals involved, but the United States claimed the island and later built a lighthouse. It remains US territory today despite its proximity to Haiti.[40] This was the first in a long line of disputes involving Haiti's islands in which the core exploited its superior military power at the expense of the republic.[41]

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[33] See Léger (1907), p.224.

[34] It failed due primarily to the opposition of Senator Charles Sumner, who consistently supported Haiti during his political career.

[35] The 1874 treaty was known as the Treaty of Amity, Commerce and Navigation. See Léger (1907), p.224.

[36] Captain Batsh of the German navy seized two Haitian warships without even waiting for the reply of the Haitian government to his demand for payment. See Douyon (2004), p.119-120.

[37] The claims were for a total of $15,000, so it is safe to assume that the German navy had not been sent thousands of miles for that purpose alone.

[38] This was known as the Lűders incident. A German citizen of Haitian descent had been imprisoned following due process, but the German navy demanded his release and payment of an indemnity. See Montague (1940), pp.178-9. Modern archival research suggests that Germany was not in fact seeking colonies in the Caribbean, but the Haitians can be forgiven for not seeing it in that way at the time.

[39] This law stated: " whenever a citizen of the United States discovers a deposit of guano on any island …..not within the lawful jurisdiction of any other Government, and not occupied by the citizens of any other government, ……, and occupies the same, such island …. may………be considered as appertaining to the United States." See Montague (1940), pp.61-5.

[40] Ile de Navase is 30 miles from the coast of Haiti. It is now known a US Minor Outlying Island, of which there are nine and most of which have a similar history to Navassa Island.

[41] One of the most serious was the Maunder incident, under which Great Britain threatened to bombard Haiti because the government had cancelled a concession to a British subject for exploitation of the Ile

After 1865 the United States became much more acquisitive. The rise of US naval power, the construction of the Panama Canal by the French in the 1880s and the rivalry between the core states themselves made the control of naval and coaling stations in the Caribbean a geo-strategic necessity. In Môle St. Nicholas Haiti had one of the four finest natural harbours in the region and one that was coveted by the core. Having failed to secure Samaná Bay in the Dominican Republic through annexation or lease, thwarted by the US Senate in its efforts to acquire St. Thomas in the Danish Virgin Islands and unable at this stage to acquire Guantánamo Bay because of Spanish control of Cuba, the United States focused on Môle St. Nicholas as the most suitable candidate. Haiti refused to cave into US pressure and was punished in 1892 by the application of harsh tariffs on the main US imports from Haiti.[42] The efforts by the United States under President Harrison to secure Môle St. Nicholas has been described as "one of the more unsavoury episodes in the history of American diplomacy." [43]

Haiti ended the 19th century as an independent country, but it had been a struggle. The need for a large army had drained the public purse while giving serving Presidents a means of delaying or blocking the peaceful transfer of power. No excuses should be made for the occasionally selfish, irresponsible and corrupt behaviour of some Haitian politicians in the 19th century, but it would be dishonest not to recognize that the core played a very negative role in this process. The core also exploited Haitian relative weakness by pursuing an endless stream of financial claims on behalf of its citizens that were usually grossly inflated and sometimes outrageous.[44] And since the government had to service an enormous debt, Haitian public finances (net of debt service payments) were deeply unsatisfactory and below what was required to support many state responsibilities (see Chapter 7.3). The only solution to this conundrum was through an expansion of exports, since in Haiti – as elsewhere in Latin America and the Caribbean – exports paid for imports and foreign trade provided the bulk of public revenue. It is to this we now turn.

7.2. The Export Sector

The first Haitian leaders, from Toussaint to Boyer, understood very clearly that the survival of their state[45] depended on the recovery of the export sector after the ravages of the war of independence. In this, as we shall see, they had some success. Subsequent leaders also recognized that the development of Haiti depended in large part on the long-run growth of the export sector and policies were indeed adopted to promote exports. However, these leaders struggled to balance the budget. For reasons that will become clear later, Haitian public finance depended very heavily on export taxes. Thus, there was a tension between the short-run needs of public finance and the long-run requirements of export growth. In this struggle, the short-run tended to

de la Tortue (Tortuga Island). See Léger (1907), pp. 230-1. The incident was particularly sensitive for Haiti because Mrs. Maunder, who made the claim as a widow, was the granddaughter of Boyer.

[42] Ostensibly, the duties were imposed because Haiti had failed to reach a reciprocal trade agreement with the US as permitted under the McKinley tariff, but everyone knew the real reason.

[43] See Montague (1940), p. 162.

[44] See Chapter 7.3. These claims are well explored in Douyon (2004), pp. 118-26, under the very appropriate sub-heading "Les Actes de Piraterie et les Réclamations Etrangères".

[45] Strictly speaking, Haiti was not an independent state until the declaration of independence by Dessalines on 1 January 1804, but under Toussaint it was a state in all but name.

prevail and exports were burdened with taxes that undermined the long-run goal of export promotion.

If there was little alternative to export promotion[46], Haiti was no different from other countries in the region (including the United States before 1860). However, in one respect – the average size of landholdings - Haiti differed greatly. The multitude of small farms and the small number of large estates made Haiti by the end of the 19th century different from most other countries in Latin America and the Caribbean.[47] Exports of agricultural - and to a lesser extent timber[48] - products therefore came to depend on the Haitian peasantry whose access to capital (financial and human) was severely restricted.

It was not always so. Under Toussaint, Dessalines and Christophe (until just before his death), the large-scale estate was favored, land grants below a certain size were prohibited and foreigners ("whites" in the 1805 Constitution)[49] were prevented from owning real estate so that the large landowners were Haitians. To ensure an adequate labor supply for these big estates, labor laws made vagrancy a crime. The workers on the estates received a quarter of the produce while the landlord received half. Dessalines went even further than Toussaint and banned the cutting of timber on the grounds that it might prejudice the supply of labor to the large estates[50]. The export of the traditional commodities, including sugar, started to recover – albeit from a very low base[51].

The state received the remaining quarter of the farm output and, under Christophe, this contribution together with a land tax was sufficient to meet the needs of the state for defence, public works and even education[52]. However, since the estates were producing commodities destined in many cases for shipment abroad, the land tax under Christophe in effect began the practice of taxing exports. When prices were high and the tax moderate it was not so serious, but when prices were low and the tax high it became a major barrier to export expansion.

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[46] Some Haitians did emphasise the need for national self-sufficiency in agriculture and even industrialisation, but this never acquired much support. See Nicholls (1974), pp.14-18, and Joachim (1979), pp.172-9.

[47] Not all, of course. Costa Rica, like Haiti subject to a shortage of labour and unable to attract much international migration, had developed an agricultural export sector based largely on small farms until the entry of the banana companies in the last part of the 19th century.

[48] Timber was cut and sold for export by the peasantry, but from 1860 large concessions were given to foreigners for timber extraction.

[49] The ban on whites became a ban on foreigners in the 1843 Constitution. It did not, however, apply to those blacks who came to Haiti from the US and other parts of the Caribbean.

[50] See Turnier (1955), p.xx

[51] From their high point in 1789 (95.6 million [long] lbs), raw sugar exports fell to virtually zero at the time of independence. They had recovered to 5.4 million lbs in 1818, most of which came from the north. In the case of coffee, exports had reached 76.8 million lbs in 1789 before collapsing in the next 15 years. They had recovered to 26 million lbs in 1818, most of which came from the south. See Barros (1984), Vol. 1, pp. 198 and 341.

[52] The Kingdom of Haiti under Christophe was much admired by many foreign visitors because of its achievements (especially education), but it was really a feudal system based on coerced labor that was hugely unpopular with the mass of the population. Perhaps it is no surprise that Christophe was a great admirer of the Russian Emperor whose system of serfdom resembled the Kingdom of Haiti in some respects.

In the Republic of Haiti, under Pétion, a different model was followed. A law of 1809 removed the restriction on selling land in small parcels and a large number of small grants were made by the government. Others simply voted with their feet, squatting on land that belonged either to the state or purchasing small plots from the remaining estate owners. Under these circumstances it is not surprising that the export of sugar collapsed under Pétion, but coffee recovered and logwood – no longer forbidden – prospered. However, Pétion also came to depend heavily on taxes on exports to balance the budget as the state's share of one-quarter was suppressed[53] (instead, workers on large estates were now allowed to keep half the produce).

Boyer, who succeeded Pétion in 1818 and Christophe in 1820, at first allowed both agricultural models to continue[54]. However, following the imposition of the French indemnity in 1825 and the contraction of a loan to pay for the first instalment (see Chapter 7.3), he favored the large estates on the grounds that only they could ensure the expansion of exports on which debt service would depend. The *Code Rural* of 1826 was as draconian as other measures in the Caribbean to coerce labor to work for the large estates, but it had the opposite effect. Since the only way for most Haitians to escape the vagrancy provisions of the Code was to be a small farmer, the process of squatting and purchase of small plots accelerated. By 1839, it is estimated that there were 46,610 small farms in Haiti[55]. By the time Boyer was forced from office in 1843, sugar had ceased to be an export of any importance and agricultural output had come to depend on the small-scale peasantry combined with sharecropping on the large estates by small gangs of labourers who had control over the product mix[56].

Boyer had lowered export taxes in 1825, before the imposition of the French indemnity, in an effort to stimulate exports. He then abolished them altogether in 1827[57]. This bold move was partly to encourage exports, but also to mitigate the damaging effect of the 50% reduction in export duty he had been forced to concede to France.[58] Unfortunately, the demands of public finance obliged Boyer to reintroduce a specific duty on exports in 1835 and he added an additional burden ("droit de wharfage y pesage") in the same year. Any good this might have done to government revenue was undone by the depreciation of the national currency since the export

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[53] See Benoit (1954a), p.32 onwards. Pétion raised export taxes no less than four times between 1808 and 1817.

[54] Boyer made a number of small grants from state lands at the beginning of his term, but he did not break up the large estates in the north – or, indeed, those that remained in the south - and was keen to preserve them.

[55] See Candler (1842), p. 122. If Candler is right in assuming that the average farm had five inhabitants and if we also assume that all these farms were in the western part of the island, this would imply a landowning peasant population of about 250,000 out of a Haitian population of 500,000 (see Table A.1). The remainder of the labouring population either worked for wages in rural areas, in sharecropping gangs or in towns.

[56] The large estates had not disappeared, but it was increasingly difficult for the owners to obtain wage labor. They had therefore in many cases subcontracted the work to different gangs of laborers with an agreed division of the output (typically 50:50). This was like sharecropping in other parts of the Caribbean, but with one major difference. The sharecroppers rather than the landlord decided what to produce.

[57] See Benoit (1954a), p.33, who is an invaluable source for the export tax in this period of Haitian history.

[58] It might be argued that half a loaf was better than loaf. However, many ships started to put into Haitian ports carrying the French flag in order to avail themselves of the French tax concession even though the exports were not destined for France. See Turnier (1955), pp.123-6.

taxes were paid in paper *gourdes*[59]. By 1843, the paper *gourde* had dropped by one-third in value (see Chapter 7.3).

The depreciation of the currency accelerated under the four presidents that succeeded Boyer in quick succession[60] . The export tax was first abolished (1843) and then re-established (1845). When Soulouque became President in 1847, the paper *gourde* had so depreciated[61] that the real value of the export tax had collapsed. Soulouque therefore imposed a tax of 20% on coffee payable in kind by growers with the state then selling its share to exporters at a market rate. Hugely unpopular with the peasants and exporters alike, it did at least ensure that government revenue moved more or less in line with the value of coffee exports.

By the time Soulouque was forced from office in January 1859, the *gourde* had fallen to 30 to the dollar, so there was little point in reimposing an export tax payable in national currency. Instead, President Geffrard (1859-67) in 1860 made the export tax payable in hard currency for the first time. Since the tax was specific, its *ad valorem* equivalent depended on the evolution of the prices of the main commodities (principally coffee and logwood). After a period of confusion during the Haitian civil war (1867-69) when President Salnave reimposed payment in kind, the export taxes were fixed in August 1870. The duty on coffee was set at US$2.50 per 100 lbs in 1870, that on logwood at US$1.50 per1000 lbs and there were also duties imposed on most of the minor commodities such as cacao and cotton[62]. However, the export tax on coffee – by far the most important - was steadily increased and had reached $3.86 by 1889[63].

This was a heavy burden for coffee producers and it was made worse by various other taxes that applied to exports when they left port. When coffee prices were high, the burden was – just about – bearable, but it became almost insupportable when prices fell. Furthermore, Haitian coffee was not only taxed heavily in Haiti. It was also taxed heavily in France - its main market – where Haitian coffee received much less favourable treatment than coffee imported from French colonies[64]. It was not until 1904, following the Haitian-French treaty of commerce, that Haitian coffee received any preferential treatment in the French market and even then France only agreed to apply the minimum rather than the maximum tax rate.[65] Haitian coffee entered the UK

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[59] The reasons for the depreciation will be explained in the next section.

[60] This period (1843-7) was turbulent, but it should not be exaggerated. Two of the four presidents died in office of natural causes. See Léger (1907), pp.192-9.

[61] By 1847 it was valued around 14 to the dollar. See 7.3.

[62] These are long lbs. They can be converted to the short lbs used in the US and UK by multiplying by 1.083, although I have used 1.1 for reasons of simplicity. See the Note on B Tables.

[63] This meant that the burden of all export taxes on coffee could easily exceed 100% of the net export price.

[64] Joachim (1972), p.1520, has a table showing French imports of coffee between 1860 and 1890 and the import duties payable. The tax rate in these years averaged 74% of the cif value of coffee imports.

[65] Inspired by the tariff concessions the United States had secured from trade partners under the 1890 McKinley tariff, France had moved in 1892 to a system of minimum and maximum tariffs. To benefit from the minimum tariff, partners had to extend to France tariff reductions and other privileges. Not to be outdone, Germany then demanded the same treatment and imposed taxes on Haitian exports until trade privileges were extended to Germany under the 1908 Haitian-German treaty. See Turnier (1955), pp.210-11.

and US markets free of tariff in most years, but these were much less important markets except in the early years of the 19th century[66].

Under these circumstances, it might seem surprising that there was any growth at all in Haitian exports in the century after independence. However, as we shall now see, there was growth, in both volumes and values, although neither ultimately was able to keep pace with population growth. Furthermore, exports had come to depend far too heavily on one crop (coffee) whose price declined sharply from the 1890s onwards as a result of Brazilian over-production. Thus, Haiti went into the 20th century with an export sector that was too small to support the growing needs of public finance and so dependent on one product that it was vulnerable to price movements over which the country had no control.

The four products that collectively determined the value of Haitian exports in the century before the US invasion were coffee, cotton, cacao and logwood[67]. We will examine each in turn, but we should first note the virtual disappearance of other products from the export list. From 1822-1844, when the island was united, exports included tobacco, but this came almost entirely from the eastern part of the island and I have therefore allocated them to the Dominican Republic. The same was true of timber other than logwood, although there were some exports from Haiti of mahogany, gayac (*lignum vitae)* and fustic (Brazilwood) after the separation of the two countries in 1844. However, the value of these exports (except logwood) was never significant.

Raw sugar exports had ceased to be of any importance by the end of Boyer's term. Attempts were made to revive them under different presidents, notably Geffrard and Salomon (1879-1888), and sugar exports were even exempt from taxation for much of the time, but the key constraint was the lack of capital needed to re-establish the industry with modern technology (without which costs would be too high). Sugar **cane** production may have been labor-intensive, but cane **sugar** production for export was capital-intensive and also demanded sophisticated infrastructure. Shortages of labor, capital and infrastructure made it inevitable that Haiti would cease to be an exporter of sugar. The export industry only started to recover when the US as the occupying force was able to force through legislation that permitted foreigners to own land, dispossess small farmers and build the necessary infrastructure. At that point US capital entered the sugar industry and exports started again (even then they did not prosper).

Haitian coffee (*Arabica*) was considered to be of excellent quality. It was noted in particular for its aroma. After independence, it was sold at first mainly to the UK and US, but consumers in those countries gradually came to prefer the cheaper coffee produced by Brazil, Colombia, Central America and a handful of European colonies. With the opening once again of the French market in 1825, Haitian coffee came to depend increasingly on the more discerning consumers of continental Europe (especially the Germans to whom Haitian coffee was re-exported from France) who

[66] Haiti, having refused to sign a reciprocal trade treaty with the United States in 1892, was then subject to a tariff of three US cents per lb until the *status quo ante* was restored by the Wilson tariff in 1894.
[67] The combined value of these four products as a share of total exports averaged 95%. See the Note on B Tables.

were prepared to pay a premium for quality coffee. Some 60 to 70 per cent of the Haitian coffee crop was normally sold in this way.

Haitian coffee trees flourished above 300 metres in the south, the main growing region, although in the north they could grow at sea level. It was cultivated under shade and was produced organically. The Haitian peasantry did not in general plant the coffee trees, relying instead on natural growth from fallen berries, but occasional weeding and thinning was essential. The coffee was harvested between October and February and was at first prepared for export on the farms themselves in the following manner[68]:

"After drying on the special patio, or even on the ground, the pulp is generally removed by hand in a wooden pestle, then the beans are deparchmented and more or less sorted before offering for sale."

This method of preparing coffee for export, although widely disparaged by foreign visitors, was reasonably well suited to the Haitian environment. However, as the market became more specialised , Haitian growers were penalised for their failure to separate the lowest grades of coffee from the highest. Tackling this problem required machinery and a greater division of labor between the grower and the exporter. This process was underway by the early 1880s, helped by measures taken by President Salomon. Thus, the US Consul in 1884 could write as follows[69]:

"To procure for Haytian coffee the very latest improvements in the preparation, thus allowing it to compete advantageously with other sorts, and acquire the rank which from its natural superiority is its due, central mills …..are beginning to be established in the principal coffee-growing centers……..Thus the grower, who by his very primitive mode of preparation was losing at least one-third of his crop, will now obtain one-half more of money value as the result of his toil."

Coffee preparation, especially before the introduction of central mills, provided only modest scope for an increase in yield. The volume of coffee exports therefore depended largely on the ability to expand the supply of labor and land in response to growing demand. As the population in rural areas increased and as there was no shortage of land suitable for coffee growing, it is not surprising that the volume of coffee exports did rise (see Figure 7.2). The annual figures fluctuated greatly because of seasonal conditions and world prices while exports were clearly affected by periods of great political upheaval, such as the second half of the 1860s, but the upward trend is clear from both the trend line and the five-year moving average.

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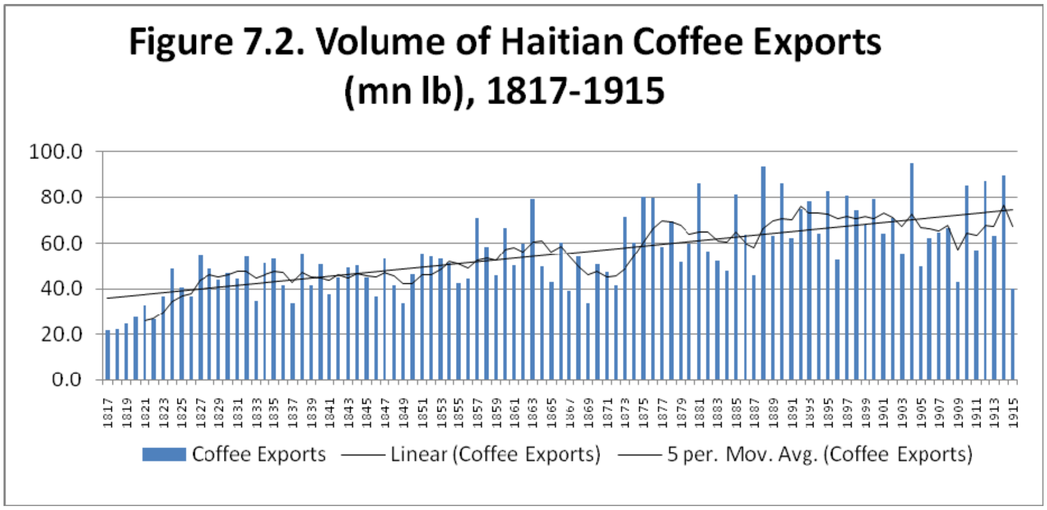
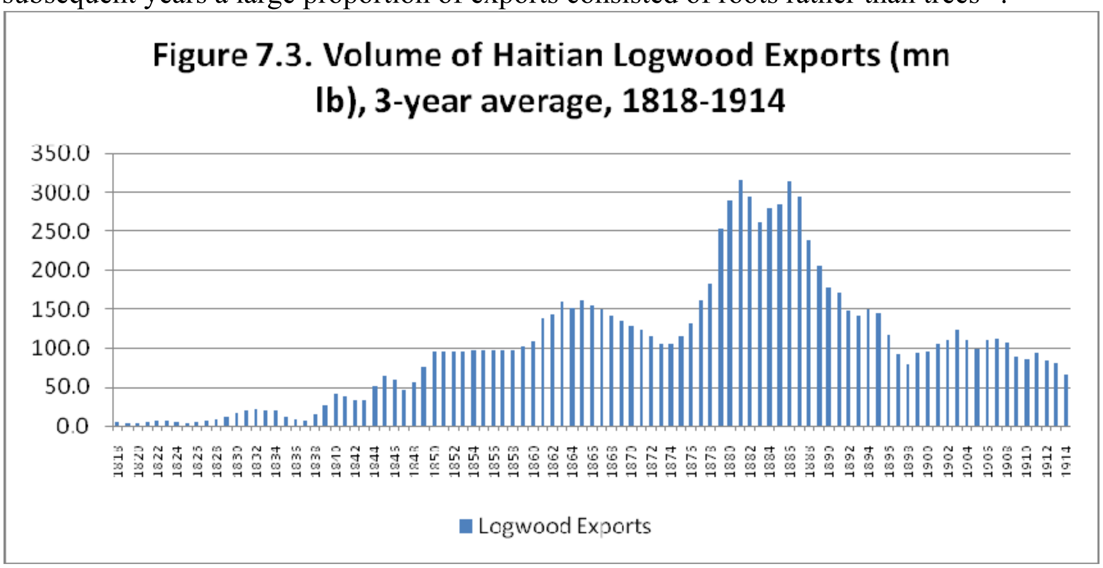
[68] See Tea and Coffee Trade Journal (1935), Vol. 68, p.103
[69] See US Department of State, Commercial Relations (1884), Vol. II, p.468



Source: Table B.2

Logwood, from which a natural dye is obtained, was the second most important Haitian export for most of the 19th century[70]. Although the peasantry was at first forbidden to cut it, the volume of exports expanded rapidly after Boyer (1818-43) under whom restrictions had continued[71]. Much of it was sold to the United States, although it was also sold to the UK where it was regarded as superior to Jamaican logwood. The volume of exports, however, peaked around 1880 (see Figure 7.3). By then the forests had been largely cleared of logwood and contemporaries noted that in subsequent years a large proportion of exports consisted of roots rather than trees[72].



Source: Table B.2

[70] In 1879/80 Haiti was also by far the world's most important exporter of logwood with two-thirds of the market. See Turnier (1955), p.155.

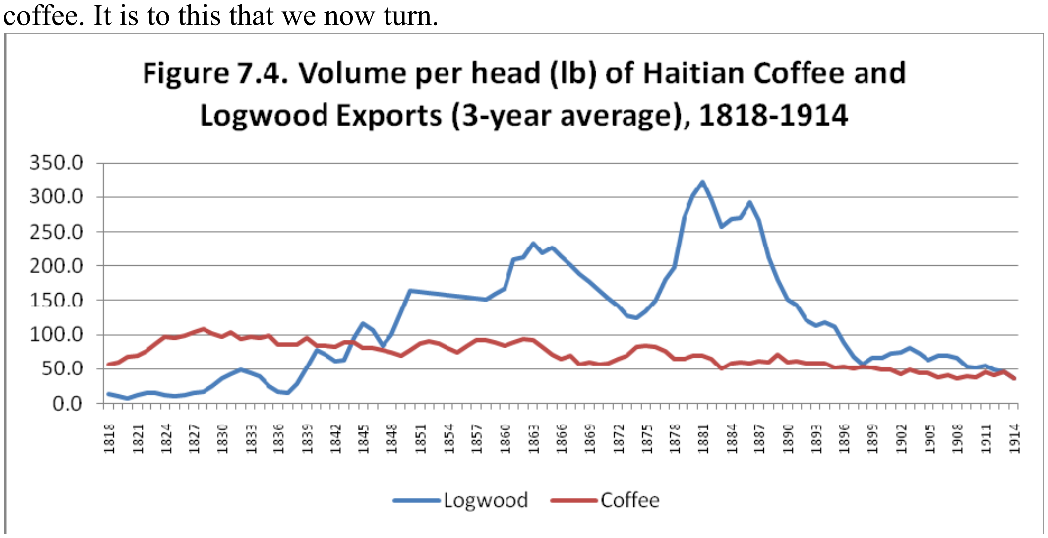
[71] See Nicholls (1974), p.8. Boyer had drawn attention to "the pernicious custom which many people have contracted of abandoning work on estates and devoting themselves to cutting wood that does not belong to them."

[72] Logwood exports were also threatened by synthetic dyes produced commercially in the German chemical industry from the 1890s onwards, but by then the industry had already begun its decline in Haiti as a result of deforestation.

The sea-island cotton exported from Haiti, as elsewhere in the Caribbean, was not competitive with US cotton. However, exports from large and small farms continued at very modest levels until the outbreak of the US civil war. The rise in cotton prices and the promotional measures taken by President Geffrard stimulated exports. However, Haiti – like so many other countries – was unable to compete when prices returned to more normal levels after the civil war. Exports fluctuated in subsequent decades, but did not return to their level of the mid-1860s[73].

Haitian cacao, unlike coffee, was not especially valued for its aroma or taste and exports languished at low levels for most of the 19th century[74]. Exports only started to accelerate after 1880 in response both to higher prices and the cacao boom in the Dominican Republic. However, the rise of cacao exports was modest compared with what happened in the neighbouring country for several reasons despite the fact that cacao, like coffee, can be grown successfully on small estates. First, Haitian infrastructure – especially railways – was progressing much less rapidly than in the Dominican Republic and, secondly, cacao exports were much more heavily taxed. Nevertheless, the development of the industry meant that the value of cacao exports were equal in importance to logwood by 1900.

For economic development to take place, the volume of exports must normally expand by more than the rate of increase of population. This did happen in the case of cacao and cotton[75], but it did not happen in the case of logwood and coffee (see Figure 7.4). Because of its importance to overall exports, the long-run decline in the volume of coffee exports per head was particularly serious. Given the dependence of public finance on foreign trade and the dependence of imports on exports, this meant that the Haitian development model was only viable if the terms of trade improved. This depended primarily on the price of exports and, in particular, on the price of coffee. It is to this that we now turn.



Source: derived from Tables B.1 and B.2

Haitian coffee may have commanded a premium, but the price still depended on the world market where Brazil was the dominant supplier. What happened in Brazil

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[73] See Table B.2.
[74] See Table B.2.
[75] This can be derived from Tables B.1 and B.2.

therefore had a large bearing on the price of Haitian coffee. However, the fob price of Haitian coffee was also affected by the export taxes applied in Haiti and the import taxes applied by France. The French (and German) consumer was able to discriminate between Haitian and other coffees, but the demand curve was not vertical. Thus, part of the export and import taxes was born by the Haitian producer through a reduction in the fob price. Since the import tax was largely unchanged, it was the increase in the coffee export tax and Brazilian market conditions that had the most impact.

Coffee prices fluctuated throughout the 19th century and the prices in different markets were highly correlated. However, after a brief civil war in the early 1890s, Brazilian prices fell sharply dragging down with them Haitian and other prices. This price decline would continue with only brief interruptions until just before the First World War. The consequences for Haiti were catastrophic. The value of coffee exports declined, bringing with it inevitably a decline in the value of all exports[76]. What happened then was determined by public finance, to which we now turn.

7.3 Public Finance

Public finance is not normally a subject that generates great interest. Indeed, for many Caribbean countries in the 19th century it was not a major determinant of success or failure. For Haiti, however, as an independent country, it was absolutely crucial. It proved to be the Achilles heel of the Haitian model and, in the end, contributed perhaps more than any other factor to the series of events that culminated in the US invasion in 1915. We will first explore the evolution of public revenue and then the pattern of expenditure.

By the time Boyer re-united the country at the end of 1820, Haiti had developed a tax system that was reasonably diversified. The principal sources of income were taxes on imports of which the *ad valorem* tariff was by far the most important.[77] This had been introduced by Dessalines in 1806 at 10%, raised to 12% by Boyer in 1819 and to 16% in 1827 when it applied to the whole island[78]. The yield had been undermined by the preferences conceded to the British in 1814[79] and to the French in 1825[80], but Boyer soon put a stop to both[81] and added an additional 10% on the import duties paid by US ships in 1829[82].

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[76] My estimates of the value of Haitian exports are given in Tables B.2 and B.3 See also Note on B Tables, which explains the methodology behind the estimates.
[77] A small number of specific tariffs were introduced in 1820, but these were designed to protect rather than to generate income. See Benoit (1954a), pp.55-6.
[78] See Benoit (1954a), pp.55-6. Pétion had maintained the import duties, but Christophe had scrapped them relying principally on the land tax and rents from state lands. See Nicholls (1974), p.5.
[79] Pétion, despite the huge loss of income implied, had agreed in 1814 to a reduction on import duties on British goods from 10% to 5%. See McKenzie (1830), Vol. II, p.275. When Boyer raised the tariff rate to 12%, the British rate went to 7%.
[80] One of the clauses of the *Ordonnance* of Charles X, to which Boyer agreed, was a 50% reduction on all customs duties (import and export) in perpetuity.
[81] Boyer cancelled the British preference in 1825 at the same time as accepting the French preference. If he had not done so, most of Haiti's imports would have paid a much reduced tariff. The French preference was cancelled unilaterally in 1827 when it became clear that other countries were exploiting the French flag to introduce imports to Haiti at half the full rate.
[82] This was in response to the refusal of the US to recognize the independence of Haiti. The surcharge was finally dropped in 1850 despite the fact that the US had still not recognized Haiti. See Nicholls (1974), p.14.

The other taxes on trade were export duties, which did not apply to all products and which were in any case suspended from 1827 to 1835. In both cases, import and exports, there were also various minor taxes based on tonnage and wharfage. The contribution of all these trade taxes to public revenue in Boyer's presidency was around 50 per cent.[83] The other half of public revenue came from the land tax, rent and sale of state lands, sale of patents, stamp duties and so on[84]. Of these the land tax, which had been adopted by Christophe as well as Pétion, was the most important.

All taxes at first were paid in the national currency (*gourdes*). Before the introduction of paper money in 1826, the money supply was based on coins (*specie*) so that in theory the *gourde* was equivalent to US or Spanish dollars. In practice, however, a shortage of *specie* had obliged Pétion to debase the coinage by reducing its metallic content and the problem was exacerbated by counterfeit money introduced from outside[85]. By the time Boyer re-united the country, the exchange rate of the *gourde* to the dollar was estimated to be only 3:1.[86] Faced with an acute shortage of currency in 1826 (see below), Boyer then introduced paper money that – not being backed by hard currency – caused a further slide in the currency[87]. Boyer therefore decreed in 1835 that import duties must be paid in hard currency, although all other taxes could still be paid in *gourdes*.

At this point Haiti began its painful experience with two currencies, which did not end until the 1870s[88]. As the fall of the *gourde* continued, the dollar value of those taxes collected in national currency declined further and further. By the end of the 1840s, when the exchange rate was 14:1, the only tax of importance had become import duties since these were collected in hard currency. A change had to be made and in 1850 Soulouque made the export tax on coffee payable in kind at 20%[89]. This rescued public revenue, although the yield from the other taxes – particularly the land tax – generated very little income by the end of the 1850s as the exchange rate had fallen to 30:1.

In 1860 Geffrard, who had replaced Soulouque in January 1859, introduced an export tax payable in hard currency. At first, it was applied only to coffee and logwood (the two main commodities). The export tax on coffee payable in kind was then scrapped. Nearly 100% of public revenue came from customs duties. Other taxes were levied,

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[83] In 1837 it was 52.3% (of which 33.3% came from import taxes and 19% from export taxes). See Benoit (1954a), p.22.
[84] For 1837, each tax is itemised in Marte (1984), p.108.
[85] See Turnier (1955), pp.278-9. The first debasement in 1811 reduced the value by 18%. Two years later Pétion introduced a new money (*Serpent)* ostensibly at par with the US and Spanish dollar but with a much lower metallic content so that its intrinsic value was only one-third.
[86] See Bureau of the American Republics (1892), p.96.. See Also the Note on B Tables where the Haitian exchange rate to the dollar is discussed in more detail.
[87] It also made counterfeiting easier and many false notes were introduced from outside. One of the most notorious counterfeiters was a Frenchman, Charles Touzalin, who was caught red-handed. This did not stop the French Consul, M. Lavasseur, from protesting vigorously and threatening to break off diplomatic relations if Touzalin was not released. See Ardouin (1853-60), Vol. 11, pp.146-51.
[88] The Dominican Republic suffered a similar fate starting with independence in 1844. In both cases there are ominous parallels with Cuba following the legalisation of the US dollar in 1993.
[89] Soulouque also imposed a series of state monopolies involving foreign trade, but most of these had to be withdrawn in the face of strong opposition from the foreign merchants who dominated the import-export firms. See Bernardin (1999), pp.84-6, and Nicholls (1974), pp.13-14.

but – being paid in national currency – the yield was extremely small. By the time the land tax was abolished in 1870, when the exchange rate had fallen to 4000:1, it had ceased to have any purpose. Soon after, the *gourde* was withdrawn from circulation and Haiti depended largely on foreign currencies until the introduction of the (new) *gourde* in 1880 at par with the US dollar.

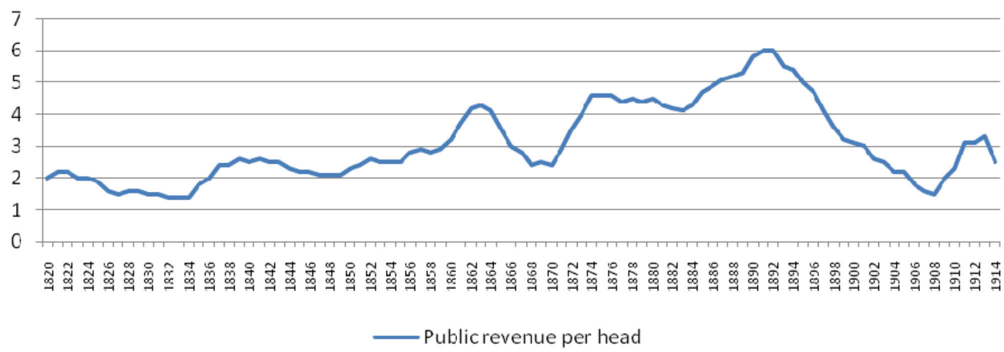
From this point onwards, despite its dependence on customs duties that made the country very vulnerable to a fall in coffee prices[90], public revenue might have been sufficient in Haiti if the state had not faced an increase in expenditure on debt service, claims from foreigners and the need to withdraw paper money (see below). In order to meet these additional expenditures, the Haitian government increased the scale of customs duties (all payable in hard currency) rather than trying to diversify the tax base. These increases were then ear-marked for various purposes, principally debt service charges, so that the Haitian people hardly benefitted at all.

The increases in export taxes have been described in the previous section[91]. The *ad valorem* import duty remained unchanged at 16%, but a surcharge of 10% was applied in 1863. This was followed a few years later by another surcharge of 10% to meet the claims arising from the 1867-9 civil war. There was then a surcharge of 25% in 1872 to pay for the withdrawal of paper money. Then in 1876 all these surcharges were replaced with a new one of 50%, which applied to all taxes on imports (not just the *ad valorem* duties). Finally, in 1883 an additional surcharge of 33⅓% was introduced. If we compute the average tariff rate by dividing estimated import duties by imports[92], we find that it had risen to 35% by the 1880s and it stayed there until the tariff reform of 1905, when the average rate was temporarily reduced[93]. In these years, no one can fault Haiti for its tax effort since the government was clearly taxing imports (and exports) very heavily.[94]

[90] A fall in coffee prices, unless matched by an equivalent increase in volume, reduced the value of exports since coffee was the main export. In turn, this reduced the value of imports. Although the export duties were specific, the bulk of the import duties were *ad valorem* so customs duties and public revenue would then decline.
[91] Nearly all these increases were hypothecated and tied to the payment of debt service or claims by foreigners. This made it very difficult for the state to lower export duties, although they had reached dangerously high levels by the 1880s.
[92] To do this, I took the customs duties in those years for which we have data (see Table B.9) and divided by my estimates of imports in Table B.6. See also Table A.36.
[93] This tariff reform banned the importation of certain products that competed with local production, reduced tariffs on capital goods and articles on essential consumption and raised taxes on some luxury goods. See Benoit (1954a), p.57.
[94] In 1904 Haiti had conceded import preferences to France as part of the Franco-Haitian treaty of commerce. She did the same for Germany in 1908. However, by this time the US was supplying about 70% of imports so the impact on tariff collection of these preferences was not so serious.

Haitian governments may have been able to set the rate of taxes on trade, but they could not control world prices. When coffee prices started to fall in the 1890s, public finances in Haiti deteriorated. Customs duties could not be raised further (they were already at - if not beyond – the rates needed to maximise revenues), exports could not be diversified due to the absence of infrastructure, the shortage of capital and the lack of education among the peasantry. In the two decades before the US invasion, Haitian governments resorted with increasing frequency and desperation to internal debt including the issue of paper money not backed by reserves. Public revenue itself, still almost entirely dependent on customs duties, declined and the fall was even sharper when expressed in *per capita* terms (see Figure 7.5). The recovery in coffee prices brought about a brief respite before the First World War, but it was too little and too late to save Haiti from foreign intervention.

Figure 7.5. Public revenue per head ($), 3-year average, 1820-1914



Source: derived from Tables B.1 and B.9

Haiti's public expenditure was dominated at first, for reasons explained in Chapter 7.1, by the need for a large standing army. This absorbed about half the budget in the first decade of Boyer's rule. The size of the armed forces was reduced to around 20,000 under Geffrard in the 1860s and perhaps 16,000 under Salomon in the 1880s.[95] This allowed expenditure on the military to fall below 25 per cent of the budget. However, internal political instability and the ever-present external threat meant that further reductions in the military share of the budget were not possible[96]. Military spending stayed close to 25 per cent until the US invasion[97].

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[95] See St. John (1889), p.310.

[96] Geffrard had tried in the 1860s to secure a guarantee of Haitian neutrality from the core, which might have allowed for a major reduction in the size of the armed forces. The European states expressed some interest, but the United States – having imperial ambitions of its own following the civil war -opposed it and the proposal lapsed. See Montague (1940), p.97.

[97] See Table B.10. There is a case to be made that Haitian military spending was actually too small, since it failed to deter the core from its abuse of power and ultimately could not prevent the US from invading in 1915.

The armed forces may have absorbed 50% of the budget in the early 1820s, but at least Haiti had no debt to service. This changed when the French fleet arrived in the harbour of Port-au-Prince in April 1825 carrying the *Ordonnance* of Charles X. Boyer's unwise decision to accept the terms set out by the French king[98] had terrible long-term consequences for Haiti. A loan was contracted in Paris for 30 million francs (nearly $6 million), subject to a 20% commission, and Boyer set about imposing a special tax on Haitian citizens to pay the balance of the loan due to France (6 million francs)[99]. When this proved unsuccessful, he was forced to ransack the Treasury and pay the balance in coins, draining the country of *specie* and forcing him to introduce paper money the following year.

The indemnity and the loan became known as the double debt, although it was not a debt in the usual sense. The money had not been used for productive purposes, thereby creating the resources from which the debt could be serviced, but was instead a subsidy to the French state which then passed it on to the former slaveowners and their descendants. The French authorities presented figures suggesting that the indemnity was compensation for expropriation of French property and it was duly itemised, but in practice they had estimated Haiti's annual exports in 1823 (30 million francs), deducted 50% for costs of production and amortised the balance over 10 years to reach the magic figure of 150 million francs. Essentially, it was a cynical exercise to extract the maximum subsidy that they thought Haiti could pay. [100]

The double debt was enormously unpopular in Haiti and there was even an attempted uprising. Wisely, Boyer defaulted on the second and subsequent instalments of the indemnity and made no interest payments on the loan[101]. He also abolished export duties, in effect depriving France of its 50% preference, and also cancelled the reduction of French privileges on import duties. However, he did not repudiate the double debt and, after several unsuccessful negotiations, agreed new terms in 1838.[102] It is from this moment, rather than 1825, that Haiti became burdened with external debt service payments since upto that point the only disbursement had been a single off-budget payment for 5.3 million francs ($1 million) in *specie*.

[98] These included payment of an indemnity of 150 million French francs ($30 million) payable in five annual instalments and a reduction of 50% in customs duties on both exports and imports. Thus, the French king imposed an enormous burden on Haiti while simultaneously depriving the young republic of the means to pay it.
[99] The tax was enforced in Port-au-Prince, but Cap Haitien only paid half and elsewhere nothing at all was raised. See Lacerte (1981), p.505. It did, however, have one desirable side-effect since the Chamber of Representatives had to provide in 1826 an estimate of population on which the *per capita* tax could be based. This figure, 432,042 for the whole island and 351,819 for Haiti itself, was very different from the inflated census figure of 1824 and is the one found in McKenzie (1830).
[100] Although disastrous for Haiti, the indemnity brought almost no benefit to the former slaveowners and their descendants. There were 25,838 beneficiaries and the annual payments by Haiti often yielded no more than a few francs for each family. Blancpain quotes the case of Jean-Louis Lonchamp whose family of 11 members received in 1841 85 francs ($17) to cover the three years from 1838-40. This works out at 51.5 US cents per year per family member. See Blancpain (2001), p.77.
[101] Curiously, the French government did meet the interest payments on the loan in 1826 and 1827, so it did not go into default until 1828. See Blancpain (2001), p.67.
[102] The details are given in the Notes on B Tables.

Although payments were occasionally suspended, particularly 1843-8 and 1867-9, Haiti regularly serviced the double debt and finally paid it off in December 1883[103]. However, in 1874 – as part of its efforts to restructure the monetary system – the republic took out its first true foreign loan. The amount received, after the usual enormous commissions, was small and President Domingue (1874-6) in the following year was persuaded by his Vice-President, Septimus Rameau, to take out a much bigger loan (again from French bankers). The fraud involved in this so-called Domingue loan was enormous, on both the Haitian and French side, and Salomon made renegotiation a priority. This he did with some success, but the fact of the matter is that Haiti ended up servicing a large external debt that had brought virtually no benefit to the country. Much the same happened in 1896 and 1910 with two French loans designed in theory to retire the previous debts on more favourable terms, but in practice leaving Haiti with a big increase in indebtedness, a rise in debt service costs and nothing to show for it in terms of productive investments[104].

The third major item of public expenditure was debt service on the internal debt[105]. From an early stage in its independent history, the Haitian government had borrowed from those in the private sector with capital (usually merchants). Some of these were Haitians, while others were foreigners but in all cases the loans were treated as internal. Haitian governments were not as punctilious in meeting the service charges on the internal debt as they were with the external debt and the terms therefore tended to become over time financially more onerous and politically more disadvantageous for the government[106]. Foreign lenders were always ready to involve their consuls and exploit their leverage over Haitian governments to improve their economic position. This is one reason why there was such a large foreign presence among merchant houses by the time of the US invasion[107].

The cost of internal debt servicing was at first manageable. However, following the 1867-9 civil war, it became a major burden. The stock of internal debt, even when converted to US dollars, had become as big as the stock of external debt by 1890.[108] In 1900, therefore, an effort was made to consolidate the domestic interest-bearing debt on more favourable terms. This Consolidation Loan, as it became known, was carried out with the participation of the French-owned Banque Nationale d'Haiti (see below), but it was done in such a fraudulent manner that the Haitian government was left worse off.[109] As coffee prices remained low and the country's external credit was

[103] See Brière (2006), p.132.
[104] These four loans – 1874, 1875, 1896 and 1910 – have been analysed at great length by others. See, for example, Firmin (1905), pp.438-50, Vincent (1930),pp.12-16 and Blancpain (2001), Chapters 4 and 5.
[105] Technically the internal debt included the issues of paper money, but as no interest was paid we can ignore it.
[106] Rates of interest could be as high as 1% per month on these loans and repayment was often required in hard currency. Lenders also became involved in the financing of *coups d'Etat* and normally received commercial advantage if they were successful. See Plummer (1988), Chapter 2.
[107] See Plummer (1988), p.56. Another reason was their ability to raise funds more cheaply outside Haiti than the Haitian-owned businesses.
[108] This did, however, include the issues of paper money. See Bureau of the American Republics (1892), p.111.
[109] President Nord-Alexis (1902-8) was left to clean up the mess. Despite being an octogenarian, he prosecuted the case with such vigour that several of those culpable – including foreigners – were eventually punished. See Blancpain (2001), pp.115-139. However, Haiti's ability to service its internal debt remained very fragile.

exhausted, the Haitian government resorted to internal debt on more and more onerous terms[110].

Haitian law restricted ownership of land and retail sales to Haitian citizens. These restrictions, however, were progressively lifted[111]. In any case the ban still allowed plenty of scope for foreigners in wholesale activities, import-export houses and timber concessions. In addition, a large number of traders had emigrated to Haiti from the Ottoman Empire by the end of the 19th century and had successfully, if illegally, circumvented the ban on retailing[112]. Finally, the French-owned Banque Nationale d'Haiti, established in 1880, had even been allowed to participate in the land mortgage market, while several foreign-owned public utilities and infrastructure companies were established under President Hyppolite (1889-1895).

Foreign business interests, present even in the earliest days of independence, became more pervasive and Haitian governments started to face a trickle of financial claims from foreign residents as well as some non-residents arising from alleged damage to property, cancellation of contracts or false arrest. Gradually this trickle became a stream. These claims were pursued with great vigour by the relevant consuls and their governments with little concern for natural justice[113]. In the face of threats of gunboat diplomacy, Haiti often had no choice but to pay. It has been estimated that in the period upto1880, Haiti paid $16 million to settle these claims and a further $2.5 million upto 1902[114]. The monetary value of these claims, despite their often frivolous nature, accelerated upto the US invasion and constituted another drain on the public finances.[115]

Expenditure on the military, debt service and external claims left little room for anything else (see Figure 7.6). Indeed, the fact that as much as 10 per cent of the budget went on public education from 1860 to 1913 must be regarded as a major achievement. However, it was not enough to make any real inroads into Haitian illiteracy, which remained above 90% of the adult population[116]. The proportion spent

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[110] In 1914, the year before the US invasion, an internal loan was raised with a commission of 52%, i.e. the government only received 48% of what it was contracted to pay. See Blancpain (2001).

[111] The prohibitions on foreigners had been relaxed by two laws in 1860, which allowed those married to Haitians to acquire real estate and also permitted foreigners to gain timber and mineral concessions. Then in 1883 a law was passed giving Haitian nationality to companies formed in Haiti but owned by foreigners provided that they were engaged in exporting agricultural products. See Joachim (1979), pp.176-7. Finally, naturalisation was made easier under President Hyppolite (1889-95).

[112] These immigrants, estimated by Turnier (1955) at 10,000-15,000 in 1905, were called Syrians although they were by no means all from modern-day Syria. Some acquired British, French, German and even US citizenship despite arriving on passports issued by the Ottoman Empire while others became naturalised Haitians. They were subject to a campaign of xenophobia culminating in the law of 1904 that restricted their entry and made naturalisation more difficult. See Turnier (1955), Chapter 6.

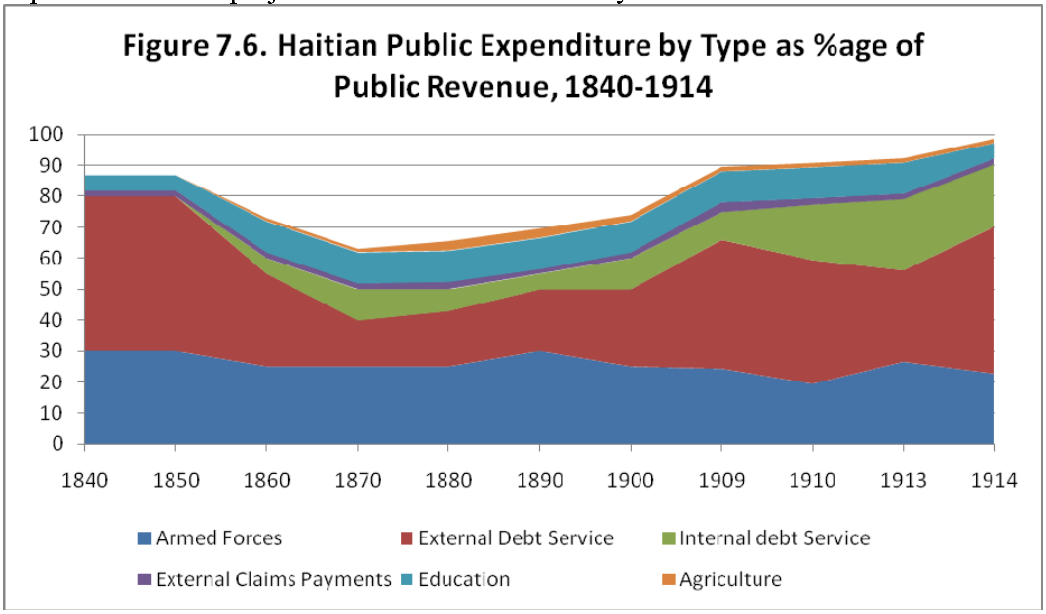
[113] Some of these claims were so outrageous that one can only wonder at the brazenness of foreign governments in pursuing them. The most notorious case involved a slavetrader, Antonio Pelletier, who had become a naturalised US citizen and who was sentenced in 1861 for trying to capture slaves in Haiti for sale in Cuba. The US State Department only dropped the case in 1886. See Léger (1907), pp.232-5.

[114] See Joachim (1979), p.187.

[115] The outstanding claims were examined by a Claims Commission set up by the US after 1915. After careful examination of each claim, with a total value of $21 million, they recommended settlement of $2.8 million – a reduction of nearly 90%. See Balch (1927), pp.46-8.

[116] The figures on pupils at school are given in Table A.9. Haitian education – public and private – is discussed in detail in Logan (1930), Rotberg (1971) and Lundahl (1979).

on agriculture was even lower, never exceeding 3% and most of that being absorbed by the salaries of officials. Still, at least agriculture figured in the budget. There was almost nothing for public works, so that Haiti was entirely dependent on private capital for the development of financial institutions, public utilities and infrastructure projects. In practice, private capital meant foreign capital since the funding and expertise for these projects was not available locally.



Source: derived from Table B.10

Haitian governments, aware of these constraints, had given priority to the establishment of a national bank since Geffrard's presidency. However, it was not until 1881 that the project was achieved.[117] This French-owned bank, the Banque Nationale d'Haiti (BNdH), combined some of the functions of a state treasury with those of a central and commercial bank. However, it did not lend long-term for productive purposes, so its contribution to economic development was minimal. It was restructured in 1910 as the Banque Nationale de la Republique d'Haiti (BNRdH) with an infusion of US and German capital giving it some additional powers. In particular, it received the customs duties as they were paid and was only required to remit them to the Haitian government at the end of the fiscal year (30 September). Under an informal arrangement, money needed by the Haitian government was then advanced on a short-term basis until the customs duties were received.

Aware that the Haitian government ran the risk of default on a debt, most of which was owed to foreigners inside or outside the country, the US resolved to gain control of Haitian finances as it had done in Cuba, the Dominican Republic, Nicaragua, Panama and Puerto Rico in order to eliminate any risk of European intervention. In

[117] An offer in 1874 to establish a bank by a US citizen, A.H. Lazare, had been accepted, but he failed to provide the funds. Needless to say, this did not stop him or the US government for pursuing a claim against the Haitan state for breach of contract. See Léger (1907), pp.231-2.

collusion – it would seem - with the BNRdH, a plan was hatched under which the bank announced it was withdrawing from its agreement with the government on 1 October,1914, the first day of the new fiscal year. This time the bank refused to honour the informal arrangements for advancing short-term money, but was not required to hand over the customs duties until the end of the fiscal year. The Haitian state was insolvent and the US drew up plans for the invasion[118]. The murder of 168 political prisoners during the uprising against President Guillaume-Sam was the final trigger[119].

7.4. When and Why did Haiti Fall Behind?

We have already seen in Figure 7.1 that Haiti's position relative to the rest of the Caribbean did not deteriorate seriously until after 1890. Indeed, if we exclude Cuba (the star performer in the Caribbean upto that point and the largest economy), the Haitian relative position looks even better. The volume of exports, as we shall see, expanded at a sufficient rate nearly to keep pace with population growth so that exports per head at constant prices were roughly the same in the 1880s as they were in the 1820s. This was disappointing in comparison with Cuba, but much better than what had happened in Jamaica and many other parts of the Caribbean.

This may seem surprising to those who assumed – in the absence of any data – that debt dependence, political instability, restrictions on foreigners and a shortage of capital in the 19th century had led to an absolute decline in the economy. All these factors were present, but they did not undermine a Haitian model based on small-scale agriculture and the export of coffee. Debt dependence was a terrible burden, but the Haitian state had adapted. Political instability was mainly an intra-elites struggle and only caused major economic disruptions during brief periods (1843-7, 1867-9, 1882-4). The restrictions on foreigners were in large part lifted by 1890, while Haiti was not alone in facing a scarcity of capital.

Yet Haiti did fall behind and by 1910 was lagging all the Americas – not just the Caribbean. In Table 7.1, we can measure Haiti's performance against other groups (including the Dominican Republic) not only in terms of the standard economic indicators such as exports per head, but also in terms of infrastructure. Haiti by this time – only two decades after 1890 when its performance was still satisfactory – had the lowest foreign trade per head, the lowest budget figures, the smallest infrastructure per head and one of the highest rates of *per capita* indebtedness[120]. The only indicator where Haiti scored highest was the man-land ratio, although we cannot yet speak of an absolute shortage of land.[121]

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[118] To ensure that the Haitian government remained insolvent, the US marines embarked in December 1914 and removed $500,000 from the vaults of the BNRdH to New York on the grounds that these funds were pledged to the withdrawal of paper money and might be used by the government for other purposes. See Balch (1927), pp.17-18.

[119] This gruesome episode in Haitian political history, in which President Guillaume-Sam was dragged out of the French legation and torn limb from limb, as well as the US occupation itself, have been the subject of numerous books and articles. See, in particular, Schmidt (1971).

[120] It was exceeded only by South America where Argentina debt per capita was enormous. However, Argentina at least had an impressive railway network to show for it. Haiti had nothing.

[121] The Haitian population in 1910 (nearly 1,700,000) was less than one-fifth of what it is today. The US Occupation estimated that as late as the 1920s the Haitian government owned half the total area of the country and that much of this was unused. See Millspaugh (1929), p.561.

Table 7.1. Comparative Indicators of Haitian Performance c.1910

Country/ Region	Imports per head US dollars	Exports per head US dollars	Revenue per head US dollars	Debt per head US dollars	Railroad Miles per 10,000 people	Telegraph Miles per 10,000 people	Post Offices per 10,000 people	Population per square mile
Haiti	4.3	4.8	2.3	28.9	0.4	0.7	0.5	152.8
Dominican Republic	8.7	14.8	6.5	20.0	2.2	15.3	1.2	35.9
Caribbean	25.4	29.1	8.1	25.4	8.0	20.5	2.0	25.9
South America	14.3	17.1	7.8	32.7	8.6	40.1	2.1	8.2
Central America	6.0	6.0	3.6	10.4	2.6	19.2	1.9	28.4

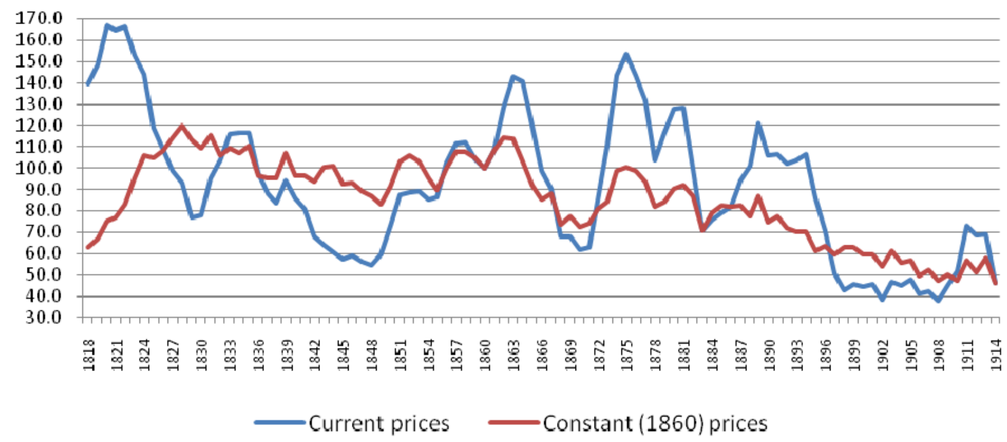
Notes: the population, foreign trade and budget figures for Haiti, the Dominican Republic and the Caribbean are derived from Tables C.1, C.6, C.18 and C.28 for 1910 (3-year averages). The other figures are from the US Abstract of Statistics (1911) and refer to c.1910. In the US Abstract of Statistics, the Caribbean (excluding Haiti) is the sum of Cuba, Dutch colonies and the Dominican Republic. South America is ten republics and Central America is 6 republics (including Panama).

The comparison with the Dominican Republic was particularly galling for the Haitians. As late as 1880 Haiti had outperformed its neighbour on all counts.[122] Furthermore, the Dominican government had defaulted on its first foreign loan in 1874 while Haiti had punctually serviced her debts. Yet 30 years later, it was the other way round. The Dominicans had benefited hugely from the influx of Cubans during and after the first Cuban War of Independence (1868-78), the sugar and cacao industries had expanded rapidly, infrastructure had improved and the US Customs Receivership, imposed in 1905, had coincided with a big increase in public revenue[123].

We can therefore state with some accuracy that it was between 1890 and 1910 that Haiti fell behind and this is also born out by Figure 7.1. Turning our attention therefore to why this happened, we need to start with exports per head in terms of both volumes and values. Taking 1860 as the base year, we can show both indicators in one graph for the century before the US invasion and this is done in Figure 7.7. As already mentioned, the volume of exports per head, as measured by the three-year moving average, exhibits a modest downward trend (after the initial rise in the 1820s) until 1890, after which there is a precipitate decline. The value of exports per head is – not surprisingly in view of the fluctuations in coffee prices - much less stable before 1890, but it also begins to decline sharply after 1890 falling by some two-thirds by the time of the US Occupation.

[122] Exports per head, for example, in 1880 were $11.9 in Haiti compared with $6.2 in the Dominican Republic (derived from Tables A.1a and A.11).
[123] In the Dominican Republic – as in Haiti – nearly 100% of public revenue came from customs duties. Foreign trade had been increasing rapidly since the 1880s and the US Customs Receivership reduced the opportunities for graft and corruption.

Figure 7.7. Haitian Exports per head at Current and Constant (1860) prices (1860 = 100), 3-year averages, 1818-1914

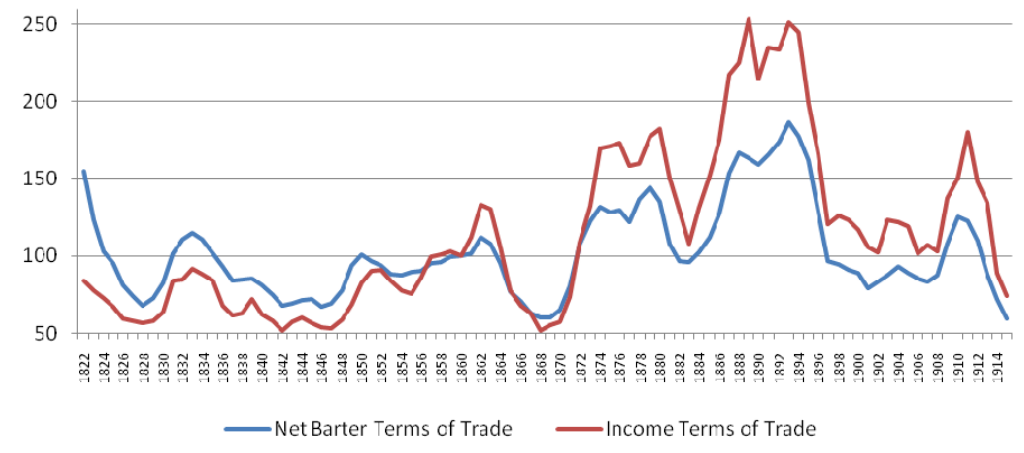


Source: derived from Tables B.1 and B.3

The decline in the volume of exports per head began with the fall in logwood (see Chapter 7.2). This was partly due to the heavy burden of export duties, but the main reason almost certainly was logging in excess of natural growth over a prolonged period. Because coffee exports were so much more important than logwood, the volume of exports **per head** did not at first suffer unduly. However, the volume of coffee exports started to fall after 1890 as a result of high export duties and falling world prices. The absolute decline in coffee exports was not enormous, but population growth meant that the volume of exports per head fell much more sharply.

The fall in coffee prices from the 1890s onwards was only reversed just before the First World War. At the same time import prices were rising, so that the net barter terms of trade went sharply into decline. Since the volume of exports was also falling, the income terms of trade fell faster (see Figure 7.8). This should have been the signal for a reallocation of resources from coffee to other export products whose prices were not falling. However, we have also seen that import tariffs were very high in this period of Haitian economic history so it was also a signal for a reallocation of resources away from exports towards import-substituting agriculture and industry.

Figure 7.8. Haitian Terms of Trade (1860 = 100), 3-year average, 1822-1915



Source: Table B.8.

That some reallocations of resources took place cannot be denied. The export of cacao, whose price in world products was exceptionally high in these years, increased. The import of some provisions from the United States (notably fish and pork fat) fell[124] and so – for a time – did soap imports falling the opening of a factory in Port-au-Prince. However, these were little more than drops in the ocean. The Haitian economy, it would seem, was not able to respond to these price signals from the market with the flexibility required. The reasons for this are complex, but the main responsibility was surely the lack of infrastructure. Haiti lacked roads and there were only 64 miles of railway lines in the country in 1910.[125]

This brings us back to the problem of public revenue, the scourge of Haitian governments from the time of independence. The fall in the volume of exports reduced income from export taxes, the fall in the value of exports reduced imports and this in return led to a decline in income from import taxes. Customs duties were effectively the only source of income for the Haitian state so public revenue and public revenue per head went into decline after 1890 (see Figure 7.5) while at the same time debt service costs rose. The short-term solution was debt default, while the long-term one was diversification of the tax base. Haiti did neither, which begs the question why.

Haiti had a very good case for debt default – much better than the other Latin American republics (including the Dominican Republic) who had all defaulted at one time or another on their external debt obligations. Indeed, it is something of a mystery why Haiti did not do so. There may have been the - not unreasonable - fear of foreign intervention. There was also a great sense of pride among the elite (one suspects much less among the masses) that Haiti had met its external obligations. The main reason,

[124] See Turnier (1955), p.341

[125] This was no doubt one reason why the government of President Simon agreed in 1910 to the (in)famous McDonald railway concession in which fast swathes of land for agriculture were made available on either side of the track from Port-au-Prince to Cap Haitien, the state guaranteed a minimum return on capital and export duties were waived. See Plummer (1988), p.159.

however, was probably the fear of commercial retaliation since the debt was owed to French creditors while most of the exports went to France. Yet Haiti would have been much better off defaulting and using the resources saved to spend on public works. Interestingly, one of the first acts of the US authorities after the occupation in 1915 was to suspend debt service payments![126]

Haiti had begun its independent life with a diversified tax base, but this had withered away by the end of the 1840s as a result of the depreciation of the *gourde* (see Chapter 7.3). A shift from customs duties in the 1890s would have meant the reintroduction of a land tax, since 90% of the population lived in rural areas and agriculture was the main economic activity. Yet by 1890 the Haitian state lacked the capacity to impose such a tax and its political class was too dependent on the *piquets* in the south and the *cacos* in the north.[127]In the end the Haitian state opted for loans from the merchant class, but these came with so many conditions that the government was worse off. The cost of the loans was astronomical and the state became even weaker. When the US invaded in 1915, only one soldier was prepared to exchange fire in defence of the homeland.

Many explanations have been advanced for the collapse of the Haitian model, but no author has had access to a database as detailed as the one I have constructed for Haiti. This does not answer all the questions, but it does make it easier to answer some of them. It is therefore of interest to review some of the earlier hypotheses[128] in the light of the findings here.

Many Haitian writers, and some foreigners, have emphasised colour, but the rivalries between blacks and mulattoes cannot logically explain the tolerable performance until 1890 and the decline thereafter. It is true that Haitians were very sensitive to colour before the US occupation. However, in this period the United States was even more obsessed with race, the British with class and the Indians with caste. It is not at all obvious that Haiti was held back by colour any more than the US by race or the British by class or India by caste (India did not prosper, but this was much more due to imperialism than the caste system)[129].

There was also a serious debate in Haiti in the last part of the 19th century about the restrictions on foreigners. However, these restrictions had become much less of an issue following the changes introduced first by Geffrard and then by Salomon. By the 1890s there was nothing to stop non-resident foreigners forming companies and acquiring concessions. It is true it was still difficult for foreigners to acquire land for

[126] They were resumed in 1919. See Balch (1927), p.38.
[127] The process by which the peasantry had been formed into these militias is central to Haitian political history. See, for example, Nicholls (1979), pp.77-8.
[128] I omit the sensationalist explanations that have been put forward since time immemorial. The first foreign visitors, notably the Quaker missionary John Candler (1842), had some useful insights, but by the time of Spenser St. John (1889) this approach had been abandoned in favour of outrageous distortions that played well with a credulous foreign audience (unfortunately, St. John still has to be used since he is the only source for some quantitative data). One has to read the consular reports to gain a more accurate account of Haiti in these years.
[129] It is also said that Haiti suffered from extreme political instability. However, if we ignore 1843-7 when there were four Presidents and treat Christophe and Pétion as one, there were 15 Presidents between 1804 and 1911 – an average of nearly seven years each. The four years before the US invasion were, of course, quite different as Haiti had no less than five Presidents.

agricultural purposes (that is partly why the McDonald concession in 1910 –see fn.125 - was so unpopular), but these restrictions usually did not apply to those foreigners who were resident in Haiti. This group dominated import-export and wholesale trade, held numerous concessions in timber and minerals extraction and controlled the financial system. And by 1900 the ban on foreigners in retail trade had been circumvented by the "Syrians".

Finally, there was in Haiti – as in other parts of Latin America – a serious debate throughout the 19th century about the merits of self-sufficiency in agriculture and industrialisation versus dependence on exports. Edmund Paul was a particularly powerful advocate of autonomy and strongly defended the restrictions on foreigners.[130] However, the dependence of the Haitian budget on customs duties meant that politically this was never a real option although it might have made economic sense. Haiti, after 1890, was exporting coffee at falling prices in order to import many agricultural and some industrial goods that it could perfectly well have produced itself. And escaping from dependence on foreign trade became even more difficult when so much of the customs duties were ear-marked to pay debt service and other claims to foreigners.

With the benefit of hindsight, Haiti made many mistakes before the US occupation. It should not have offered tax concessions to the British in 1814. It should not have submitted to the French terms for recognition in 1825. It should not have accepted the terms offered to reschedule the double debt in 1838. It should not have taken out the loans in 1874, 1875, 1896 and 1910 on the terms that it did. It should not have given additional budgetary powers to the Banque Nationale de la Republique d'Haiti in 1910. However, all independent countries make mistakes and none of these errors of judgement was in itself suicidal. In the end Haiti was undone by a combination of imperialist intrigue by the United States, abusive behaviour by the core and an economic model that was too dependent on coffee and customs duties.

[130] There is a good summary of this debate in Nicholls (1974).