This case study is part of a collection of works on fragile states and identifies manifestations of state weaknesses, especially those with a post-colonial legacy. These state weaknesses often concentrate on deficient security, law and order institutions, the use of violence by state and non-state actors, the incapacity or the unwillingness to provide basic services to the population (these are generally privatised or replaced by international organisations and NGOs), and the poor economic environment. However, the collection of studies aims to better understand the root causes of fragility, not only its manifestations, through historical background, as well as the political economy and how these states are integrated in the world system.

Haiti’s democratic transition began in 1986 after Jean-Claude Duvalier went into exile. However, democracy still has not been consolidated in Haiti; instead remaining dysfunctional. The end of the dictatorship was supposed to promise freedom, respect of human rights, economic growth and better living conditions for Haitians. But during the past two decades, struggles for power, turbulent and fraudulent elections, a military coup and the constant violence by armed political groups have prevented any significant progress in the construction of a functioning democracy. Haiti is a classic example of a fragile state and has even been described as ‘on the verge of becoming a permanently failed state’.1

Haiti has never really been a state according to the western definition of the term. It was never conceived to be at the service of people but rather at the service of the elite. The main interface that existed during Duvalier’s brutal dictatorship (1959–1986) was through the Tontons Macoutes, a special branch of the military forces scattered around the
country to ensure law and order in a very repressive manner, acting as police and judge at the same time. Today, Haitians still feel the effects of the regime’s legacy; from exclusion and being denied their rights, to generalised distrust of state institutions. The democratic transition was in fact much more a stark opposition to a dictatorial and exclusionist regime than the embracing of democratic culture, the creation of effective and responsible institutions and an active participation of the population in the political system.

Jean-Bertrand Aristide, the priest from the slums of Port-au-Prince who twice became president (in 1991 and 2001) and defined the transitional years, brought incredible hope to the people of real change to the established structure: an elite controlling politics and the economy, and cruel exclusion. He represented the people and was an extremely gifted orator who could gather hundreds of thousand of Haitians to listen to his populist discourse and promises about justice, development and equality. But he was a threat to the status quo and systematically dismantled democratic institutions; the elite and military highly disapproved of his social policies and ousted him in a coup d’état (1991–1994). He eventually completed his term in office (1994–1995) under the Governor’s Peace agreement and with the help of 20,000 American marines, sent to restore democracy and return the elected President. Neither Aristide nor the peace agreement were sufficient to break the structure of a state at the service of the elite, or the implicit agreement existing since the Duvalier regime whereby the black elite controls politics, while the mulattoes control commerce.

However, it was not only internal factors that accelerated and deepened state weakness so that it reached a critical point in 2004. International interventions, economic programmes and bilateral aid have also had negative effects on the state, in particular the state-society linkage. Damaging activities include the repeated short international interventions focused on security since 1994 and most importantly, the World Bank and International Monetary Fund imposing standard structural adjustment programs that harmed Haiti’s economy in the long term, in addition to fluctuating and discontinued aid programs. Haiti had little influence on the design of its own public policies; this power was concentrated in the hands of foreign institutions.

MINUSTAH is latest of seven UN missions, deployed in 2004 during Aristide’s second legislature when violence spiralled beyond the president’s control. With the military forces disbanded, a politicised police force and part of Aristide’s own armed groups turning against him, the situation was unsustainable. Violence and abuse of human rights reached a peak in February 2004, but was persistent throughout the past two decades. The emergence of large scale corruption; illegal economies; a second wave of mass migration; abject poverty and environmental degradation further aggravated Haiti’s plight. The country was then considered to be a threat to international peace and security and the state was on the verge of collapse.

It is little wonder that Foreign Policy ranked the country 14th in its index of failed states, giving it low scores in the areas of security, delegitimisation of the state, public services and human rights, as well as in a number of other indicators. Considered by many academics and practitioners to be primarily a fragile state, it is also a highly vulnerable country. Only a few countries are both vulnerable and fragile, but Haiti is clear example where both have aggravated human conditions and weakened the state for many decades. Vulnerability is usually based on economic and environmental exposure to outside forces. However, migration and illegal economies are also new sources of vulnerability affecting the country’s development; many fragile states also suffer from these new forms of vulnerability.

In 2008, several external shocks had a dramatic impact on the life of Haitians: soaring food prices, caused by diverse factors around the world; climate change, which is prompting stronger and more frequent natural disasters; and the global financial crisis. That these shocks erupted from exogenous sources clearly shows that, in an interdependent global system, each individual state is vulnerable to phenomena beyond its control; some states far more than others. These shocks also show that events that are initially of a clear economic or environmental nature can often cause major social distress and even spark a complex political crisis. Not only do they demonstrate the country’s vulnerability, they also simultaneously expose the state’s inability to respond to them. While a developed state with a large and diversified economy is better-positioned to adapt

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This document discusses the causes of and links between Haiti’s vulnerability and fragility, and the fact that the extreme weakness and predatory nature of the state has not been countered by efforts to promote state-society linkages, but rather influence and intervention that effectively ‘extraverts’ the Haitian economy. Efforts to build these linkages are in turn often fragmented and destroyed by the island’s structural vulnerability.

### Causes of vulnerability

Successful economic growth and successful states are inextricably linked. Small island developing states (SIDS) seem to suffer from higher economic vulnerability than other groups of countries with more diversified economies, although some small islands do manage to register a high GDP per capita (the most paradigmatic case being Singapore). Haiti presents some characteristics of these small island developing states: its economy is largely shaped by outside forces, it has a very high degree of openness and concentration of its exports and it depends on strategic imports. However, the size of the population and the country’s proximity to the United States mean that Haiti is not a classical SIDS, insular and remote with high transportation costs (Micronesia is a more typical example).

Haiti’s economy is one of the most open in Latin America, and the most open of all least developed countries. In the 1970s, the average tariff was 28 per cent; in 2002, it was a meagre 2.9 per cent following the implementation of structural adjustment plans in the 1990s that promoted liberalisation, privatisation of state assets, and deregulation of the economy. Haiti has not reaped all the benefits of a liberalised economy. The World Bank has admitted that the structural components of the reform have not been realised and therefore liberalisation has had negative impact on economic performance. From 1990–2005, Haiti’s economic performance was negative, with -2 percent GDP growth per capita (and negative at -2.2 percent from 1970–2005). The lowering of import tariffs has helped to diminish state incomes, which have only been replenished by a consumer tax that discriminates against the internal consumers, hence mostly the poor population. This economic openness not only exposes Haiti to outside economic conditions, but prevents the state from being able to protect and thus support the domestic economy.

In a global economy that rewards specialisation and competitive advantages, Haiti’s main competitive advantages have been its abundance of low-wage, unskilled workers and its proximity to the United States. It has developed an export-directed apparel sector, disarticulating and fracturing the link between local production for local markets, leaving exports as the main stimulus to economic growth. Industrial and agricultural sectors producing for foreign markets remain enclaves as Haiti’s exports are divided exactly along apparel and agricultural sectors. This socially and sectorally unintegrated structure limits the creation of class alliances, which in turn can handicap the emergence of a democratic culture. The apparel sector is clearly the most important force of the export economy, representing 67 per cent of exports, all of which goes to one single market: the United States. The US is Haiti’s biggest trade partner, accounting for 73–85 per cent of trade, depending on the source of information, followed by the Dominican Republic at 9 per cent and Canada at 3 per cent. This high degree of concentration, in terms of both product and market, is very problematic in times of economic recession and depression. To make matters worse (by further intensifying economic concentration), in 2008 the US passed a bill as part of the HOPE II Act providing an import free tariff on apparel, thereby creating further incentives to concentrate, and, consequently, become more dependent on exogenous factors. In contrast, Haiti’s imports are three times the size of its exports, the result being a huge commercial deficit, further indebting the country. These imports are not inconsequential: they mostly consist of food and fuel. Haiti’s exposure to world market prices, uncontrollable fluctuations and supply make government expenses very hard to predict and control. The price of food increased 83 per cent between 2005

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and 2008, while the price of oil also tripled in the space of two years, peaking at USD 150 a barrel in June 2008. In sum, Haiti’s small and undiversified economy, dependent on one market and on strategic imports, means that the government has little domestic control and very little resilience against each crisis.

Haiti is also tremendously vulnerable to natural disasters, primarily due to its geographical location, which is directly in the path of the Atlantic hurricanes and above the Caribbean tectonic fault. In 2008, a total of four tropical storms and hurricanes hit nine of the ten departments. The combination of extreme deforestation and soil erosion caused major hill slides and flooding that left cities including Gonaïves under muddy water. The coming years will likely be difficult for most countries, but these particular vulnerabilities will only aggravate Haiti’s already fragile political stability, especially if the country continues to be hit by tropical storms in subsequent hurricane seasons.

Cuba, with a similar geographical location and population size, suffered a minimal death toll (just seven in 2008). According to Jan Egeland, Cuba is the world’s most prepared country to face natural disaster. The government has mobilised communities to evaluate vulnerable areas, helping with planning and recovery. It has also prioritised special training and a fund for civil defence to enable immediate response following a hurricane. Cuba has also established an efficient national communication network that has become vital for giving citizens sufficient warning of upcoming hurricanes. At least where this issue is concerned, the central government is highly committed to the protection of its citizens, the development of policies and building up resilience towards these crises, all of which has helped to save lives.

**Weak links, Haiti’s fragility**

Haiti, like many other countries in the Caribbean, is highly vulnerable to external shocks, but it is the only fragile state in the region. When identifying and categorising fragile states, it is important to define some of the internal and external causes of the fragility, including historical trends that help to explain the state’s weakness. The basic functions of the modern state can be grouped around three areas: security, representation and welfare. According to DAC’s ‘Principles for good international engagement in fragile states and situations’ adopted in 2007, states are fragile when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations.

In this fundamentally functional approach, the state is inefficient because it does not fulfil its expected duties. The state has a very limited presence in the country and most basic services are privatised. But fragile states are also weak in a relational perspective: they fail to interact with civil society or, in other words, to recognise and honour the social, political and economic pact between society and the state. Because it is incapable of fulfilling its responsibilities to its citizens, individuals are often reluctant to accept or even recognise a common set of rules or to perform their own duties to the rest of society. When individuals do not become ‘citizens’, the real social contract is non-existent, and state institutions become instruments for advancing the interests of a narrow set of privileged groups, often in a predatory way. Such fragile states therefore lack both efficiency and legitimacy, which are mutually reinforcing. In the absence of both, a fragile state will often enter into a vicious cycle of structural governance inability.

State fragility is often aggravated in times of crisis; the example of Haiti in 2008 is paradigmatic. We have already referred to the fact that social disturbances due to the food crisis instigated a political paralysis for five months during which Haiti waited for a new prime minister. But even when the executive branch of the government is working properly, Haiti’s political elite is unable or unwilling to design and implement strategic public policies. Structurally inefficient, the Haitian government has been forced to search for legitimacy elsewhere. Traditionally, elites have found it by establishing a ‘prebendary’ state, which they maintain

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through the loyalty or tolerance of their constituencies. The majority of the population has, in this context, no access to the political or economic spheres of society, as the state apparatus exists to serve the private interests of the ruling elite. This model was especially evident during the Papa Doc and Baby Doc Duvalier dictatorships that Haitians endured for 29 years from 1957–1986.

In practical terms, the state’s inability and unwillingness to provide public services is most evident in the lack of investment in both education and employment; investments which could in time be converted into production and ultimately state revenues. Most schools are private, and an estimated 40 per cent of the poorest families’ budget is used for education. Without revenue, the levels of social expenditure remain dramatically low and safety nets impossible to assure. As the poorest country in the western hemisphere, with 76 per cent of its population living on less than USD 2 per day, Haiti still has a long way to go to escape underdevelopment. But social contract fragility works both ways. As mentioned above, if the state does not respond to the demands of its community, individuals do not and will not feel obliged to respect their side of the pact. Massive migration, corruption or the establishment of informal and illegal economies are reactive responses which manifest themselves in the absence of a sense of citizenship. This reinforces the cycle of weak governance.

For the population who resist migration, opportunities to improve their living conditions are rare, as social mobility is incredibly rigid. Without sound state policies, escaping the poverty cycle seems an unrealistic quest. In the face of a deep divide between state and society, corruption, crime and illegal trafficking emerge as common alternatives to legal economic activities.

Over the past two decades, efforts to break the cycle of poverty and to implement governance reforms have come from abroad. In fact, seven international missions have attempted to establish a liberal democratic state, a culture of human rights, and professional police and rule of law institutions to protect the citizens of Haiti. Since 2004, the large presence of the United Nations system in Haiti has allowed for the fulfilment of some basic government tasks, particularly in areas relating to issues of security, both through the large military presence of the United Nations Mission (MINUSTAH) and initiatives aimed at creating basic infrastructure or strengthening the ability of the precarious Préval administration to govern. International actors have become the protagonists of the major decision-making processes in the country, a phenomenon that some Haitians see as a violation of their basic state sovereignty. But what kind of state have international actors been promoting in Haiti? Perhaps more importantly, how successful have they been?

Although the international community has been trying to strengthen the Haitian state’s capacity to perform its functions and responsibilities through an ambitious development and security agenda, foreign involvement can undermine the social contract in at least two senses: first, by damaging its legitimacy; and second, by risking its long term efficiency. On the one hand, by being so proactive in pressing for rapid political and social development, international actors may inadvertently discourage national actors from taking responsibility for their own fate. Francis Fukuyama argues that a state structure established by outsiders ‘often undermines the ability of domestic actors to create their own robust institutions’. In essence, international actors are privileging the form of the state rather than the substantive social political relations that form its legitimacy and authority. The absence of a real debate between national actors on a strategic vision for state building has been pointed out as a motive for the structural apathy identified in Haiti’s government. Although unlikely in the present climate, what is needed is a nationwide dialogue that would commit Haitians – the state as well as society – to a common project in which they themselves are recognised.

On the other hand, Haiti should be investing in a sustained growth model. In this sense, the international community has also been subject to criticism for enforcing a pre-designed model which might not be the most favourable to Haitian long-term sustainability. In fact, the imposition of a neo-liberal economic agenda may be alienating governance capacities by focusing on a minimalist state when Haiti needs a robust and functioning state. The importance of changing the fiscal balance, for example, is a premise with which the

International Financial Institutions (IFIs) have been concerned in Haiti. But although some of their imposed policies of structural adjustment have tolerated higher government expenditure to improve the supply of public services and strengthen governance, they continue to privilege a market-oriented strategy, which has done much harm in the past. And in a time of financial crisis, there is a danger that coherent, constructive and long-term involvement in fragile states could be easily replaced by more self-centered international policies. International actors should not rule out the possibility that some protectionist measures may be needed in order to insulate developing economies such as Haiti’s from its destructive effects.

The ‘extraverted’ state

The power that the state exerts over national affairs is quite limited and is weakened by both traditional and new forms of decision-making and power outside the democratic institutions. The term ‘extraverted’ state refers to the multiple influences over decisions and resources that come from outside Haiti’s borders; for example, the UN peacekeeping operation is decided upon at the Security Council in New York and capitals around the world. Decisions on economic and financial policies are mostly taken in Washington where the headquarters of the World Bank and International Monetary Fund are located. Recently, other social and economic structures have developed that also increase the weight of external influence on internal politics, or limit its scope.

The mass migration of working class professionals that took place during the 1960s and 1970s was repeated in the 1990s and 2000s as a result of the hardship, the coup, and persecution. Those who could left for a better life. This severe brain drain has obvious consequences for the state’s capacity; about a quarter of Haitians live outside the country (mainly in the United States, Canada and the Dominican Republic). The diaspora has a complex relationship with the homeland, with some emigrants choosing to completely ignore what is happening, while others work to help the country from outside. More important than the emigrants themselves are the sums that are sent back in the form of remittances: the World Bank estimates that USD 1.83 billion were remitted in 2008; the equivalent of 30 per cent of the GDP. As many as one in five families depend on remittances and more than 50 per cent go to individuals that have no income, making these families and the country as a whole heavily reliant on external income. The proximity of the diaspora makes remittances only a small part of transnational flows: tourism, telecommunications and trade are other interchanges that exist and integrate Haiti in the world economic system, in an informal way.

Aid to development also forms a large part of Haiti’s incoming flows, accounting for USD 700 million in 2007, the equivalent of more than 70 per cent of the national budget. The official aid to development – which is very high – has negative effects on state-society relationships. The government usually has little say in how to use the funds; their allocation does not necessarily correspond to Haiti’s needs or priorities. Furthermore, the use and justification of funds are counterproductive to the involvement of the population and strengthening of the democratic process. The government is accountable to donors, rather than to its citizens. Donors are reluctant to directly fund the government because of high corruption levels. Haiti ranks among the most corrupt countries in the world according to Transparency International. Funds are usually diverted to civil society or given to implementing agencies and only a small part actually reaches the people (the government of Haiti refused USAID funds for agriculture; of the proposed USD 1.3 million, only 300,000 was actually destined to Haitians).

Drug trafficking accounts for the most significant part of the informal economy of incoming flows to Haiti. An estimate of 83 metric tons or 8 per cent of South American cocaine is shipped through the Caribbean, mainly through Isla Hispaniola (Haiti and Dominican Republic). Approximately USD 4 billion worth of drugs flows into Haiti: the problem is monumental and causes grave concern for neighbouring countries including the United States. Most shipments arrive in the south of country, where many communities participate in the ‘drug economy’; it represents a means of survival in which many people share the risk and the profit.

This lucrative industry consolidates corruption and weak institutions, networks with powerful drug cartels in Colombia and Latin America and illegal economies such as arm trafficking. The high level of communal involvement makes identifying one leader or major trafficker highly problematic and it is very difficult to convince a large group of people that drug trafficking is illegal; because it represents their only means of survival.

Together, revenue from remittances and drug trafficking amounts to six times the Haitian national budget. The dependence on remittances and the large, quickly-earned sums of money gained with little effort through the drug economy completely distorts the labour market, state policies and linkages between the government and the population. In these conditions facing not only strong internal constraints such as an irresponsible elite and a dysfunctional democracy, external influences – formal and informal – are important and thwart national development.

The elephant sitting on Haiti

The former Prime Minister, Michèle Pierre-Louis, described the elite as an ‘elephant sitting on Haiti’.26 The Haitian elite has often been accused of being an obstacle to the country’s development. As the former prime minister explains, it is difficult to infiltrate the system or find ‘the wrench’ to transform it. If it is even difficult for the prime minister to make changes to the current model, is it then conceivable that the international community can play a minimal role in sharing a joint development agenda with the elite?

The elite is a nebulous class in Haiti; its members speak French and are educated abroad, marking them apart from the ‘mass population’. They probably belong to one of four powerful groups: traditional families, members of illegal traffic networks, former supporters of Aristide and the former military, now part of the National Haitian Police. These groups each have their own gangs; sometimes forging alliances; sometimes opposing each other. Different types of associations and alliances exist between these groups; they are similar to African patterns such as clans but can also be politically motivated. Elite circles are hidden and very difficult to access; typical of ‘marronage’. But as one interviewee noted, if they were all to unite, they could make the government fall at any moment. It is very difficult for the international community to understand the underground currents, links and activities of the elite, and to know how to work with them to foster development. They control commerce, strategic imports, hotels, telecommunications and banks.

The classic role of the elite is usually one of investing in the country and generating economic activity, wealth, jobs and influencing the government to increase trade, promote productivity, ensure stability and protect investments. When public disorder erupts, the elite is normally the sector that puts pressure on the government to respond and take action to restore stability and minimise damage. However, in Haiti, the elite does not assume this role. When demonstrations explode into violence the elite is the first to flee the country. Its basic activity is trade, with a few minor investments in case the country descends into chaos. Based on the above, the Haitian elite could actually be classified as one of the worst elites of any fragile state.

The weak governance and absence of accountability facilitates the creation of parallel economies and patronage patterns. External actors can do little to remedy this. There are no incentives for the elite to reconstruct the country and take responsibility for development; it is far better for them that the international community bears that load. The former prime minister managed to organise a trade delegation with 200 businessmen from the United States, headed by UN Special Envoy Bill Clinton. This visit created optimism for future investments that the country desperately needs. It was a landmark event for Haiti, which has received limited foreign direct investments over the last two decades. Three weeks after the visit, the prime minister was removed from office by the senate, where the senators from Preval’s party, Lespwa, hold a majority. The current political situation is worrying because the government and positions of power are

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23 Interview with a government official, Port-au-Prince, June 2009.
25 Interview with an official from MINUSTAH. October 2009.
allegedly all dominated by one clan. Michèle Pierre-Louis’s removal without any serious justifications is certainly an indication that she represented a threat to the elite and status quo.

Challenges for donors

The international community began intervening in Haiti since the departure of Jean-Bertrand Aristide in February 2004. It is providing multilateral and bilateral funding, a medium-size peacekeeping operation at a cost of USD 500 million a year and financing the Interim Cooperation Framework (which later became the Strategic National Document for Growth and Poverty Reduction), which estimated that Haiti needs nearly USD 4 billion from 2008–2011 to pay for the reconstruction effort. Many donors are also strongly committed to Haiti’s recovery and development: UNDP and ten other UN agencies; the financial institutions (World Bank, Inter American Bank of Development, International Monetary Fund); the European Union, the Organization of American States and traditional and new bilateral partners in Latin America. The overarching priority for the international community in Haiti is state building through the development of technical, strategic and administrative capacities; and the creation of effective institutions that are able to provide services to the population. However, the model that has been adopted in Haiti is the standard model that is also applied in all multilateral interventions from Afghanistan to Congo. It does not allow for consideration of the specific characteristics of the country’s economic and environmental vulnerability and the external influences that shape its economy and its integration into the world economic system. Building resilience to external shocks through a more diversified economy, revitalising local production for local markets, diminishing dependence on strategic imports and improved environmental conditions will all help Haiti to recover faster from the future crises that are bound to occur. Policymakers have much to gain by jointly considering economic vulnerability and state fragility.

The presence of MINUSTAH has brought some improvements to Haiti under the liberal democratic peace model. It helped to organise a free and fair election, which established a state government with popular legitimacy. The international community is assisting the government with reforms to state institutions such as the Haitian National Police, the judiciary and public administration. The military presence has made a tangible difference in terms of security for the population: the deterrent effect of the UN forces, combined with the robust operation against armed gangs and the detention of more than 800 criminals is helping to restore stability. However, the situation remains precarious; despite these advances, Haiti remains susceptible to further explosive riots and violent demonstrations. Drug trafficking will continue to undermine good governance and Haiti will be unable to face the large challenge it poses without support. Other countries in the region, such as Mexico, are much better equipped to do so, but have still had mixed results and witnessed a sharp increase in violence.

Another consequence of the consecutive crises has been the many shifts in the Haitian government’s priorities. Following the food crisis and the international conference in Madrid on food security and rural development, the agricultural sector became for a time a consensus priority for economic development, and prevents the negative effects of soaring food prices. Following the hurricanes, rebuilding the country’s infrastructure overtook agriculture as the government’s most pressing priority, resulting in an allocation of more than 50 per cent of the 2008–2009 budget to the telecommunication sector. The environmental sector was allocated 2.9 per cent of the budget.

At the beginning of September 2008, an initial Flash Appeal was launched, calling on donors to contribute an estimated USD 108 million in humanitarian assistance. But by the end of the month only 2 per cent of the funds pledged had actually been given. Three months after the hurricanes, only 40 per cent of a revised post-disaster reconstruction plan was actually financed by the international community. Donors

27 The reconstruction effort estimated at USD 4 billion was before the earthquake that hit Haiti on 12January 2010.
28 The definition of state-building we refer to in this research is that of OECD-DAC: ‘An endogenous process to enhance capacity, institutions and legitimacy of the state driven by state-society relations. In its simplest form, state building is the process of states functioning more effectively. Understood in this positive context, it can be defined as an endogenous process to develop capacity, institutions and legitimacy of the state driven by state-society relationships’. OECD-DAC, August 2008. Furthermore, state building is often the central objective of peace building. In the case of Haiti, local actors disagree on this term, because it implicitly refers to a conflict. To them this is an erroneous analysis.
suffer from fatigue cases with recurrent problems like Haiti and are very sensitive to results, particularly when the taxpayers’ funds are subject to oversight and evaluation in their own country. Sadly, after four years and millions of dollars of aid, socioeconomic development has not improved. This has caused some to question the legitimacy of the international community’s intervention. In short, Haiti has not yet received the ‘peace dividend’, nor is it likely to in the near future. As a result of the global financial crisis, some estimates suggest that official development aid could decrease by as much as 30 per cent, which would have considerable ramifications for a country such as Haiti. Moreover, the crises have exposed a distant government, one that is unable and unwilling to help its citizens. The process of transforming Haiti from a fragile state to a functioning one is still far from reality. This does not mean, however, that the situation is hopeless.

**Autonomy and diversification**

According to the World Bank, Latin America is much better positioned to weather global shocks than some other regions, partly because it is less dependent on external capital flows and lowering public borrowing. Generating economic growth and revenue for the state is essential if states are to resist and face threats. In Haiti, the agricultural sector represents 25 per cent of the GDP and more than 60 per cent of the population lives in rural areas, yet rural development was only allocated 13 per cent of the 2009 budget. Agriculture is an important sector to support for several reasons: to reduce dependency on food imports (improving the balance of payments), increase employment for the rural population and reduce the risk of food shortages and humanitarian crises. Diversification is also essential, as when harvests are destroyed by natural disasters, this must be compensated for by other forms of economic revenue. It is essential that this economic diversification translates into structural strengthening through the creation of new economic activities that are less exposed to external shocks. Most small islands in the Caribbean have diversified through tourism, handicraft industries and various service industries, all of which are possibilities for Haiti.

**Fostering state-society links**

The fracture between society and state is enormous and has a long history. Trust between the state and its citizens is the only binding means of state formation. In times of crisis, the Haitian government has shown poor leadership, and it has missed several opportunities to build ties with its population. But it has not missed every opportunity. Two important events marked a new form of collaboration with the government: an agreement between the rice importers and the government to subsidise the price of rice by 15 per cent, and the telecommunication company Digicel’s donation of USD 400,000 to NGOs (USD 200,000 to the supply of direct aid and medical supplies and a further USD 200,000 in free call credit and other mobile services). Digicel staff also committed themselves to the relief effort. These are two examples of different sectors working together and re-establishing ties between state and non-state actors. The international community could be more involved in creating incentives for the population and the state to work together and providing conditions to promote oversight, evaluation and follow-up, especially through the parliament. As mentioned above, Haiti’s future is dependent on the social contract. International actors need to think about how they will gradually diminish their involvement and their impact on the government, leaving in place a stronger society.

**Conclusion**

Haiti has been affected by the damaging effects of crises that have erupted in other parts of the world, but the overall trend is not entirely negative. In reality, if the food crisis raised questions about the effects of climate change, the agriculture production model of fragile states or their alimentary dependence, the financial crisis alerted the world to the weakness of the global economic system. In one way or another, these crises in 2008 called for a critical reflection on the unsustainability of the current economic model and the inadequacies of the global governance mechanisms. The financial crisis could turn out to be an opportunity for change and a chance to promote a more transparent and solid financial system in order to avoid future collapses. It could

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33 Trade and Development Board, ‘Structurally weak, vulnerable and small economies: Who are they? What can UNCTAD do for them?’, Fifty-fourth session, Geneva, 1–11 October 2007, TD/B/54/CRP.4. In the economic history of Mauritius, for example, diversification from the sugar monoculture materialised with the rapid development of the textile industry, continued with a significant acceleration of the tourism industry, and culminated more recently with the emergence of a successful offshore financial sector. This pattern of diversification has been described as a unique success story and a rare case of structural strengthening among small island developing states.
34 The development of Mauritius is an excellent example of a small island developing state with a high GDP per capita.
also be an opportunity to rethink international actors’ state building strategies, which are sometimes blurred with self-centrism. Models of state fragility must incorporate sufficient considerations of sustained long-term economic development, given its importance to fostering a lasting and stable peace. 36

The model of the modern state is on the one hand questioned because of the interdependence and interconnectedness of many areas in the current globalised era: trade, finance, illegal economies, migration and remittances, climate change, and the need for a binding international and global regulation in which jurisdiction goes beyond territorial borders. On the other hand, the state is essential to prevent and face threats for its citizens. The financial crisis has necessitated heavy state intervention and bailouts in Western countries, illustrating the need for a social pact and legitimate and efficient state institutions, which are able to react quickly to prevent deterioration and minimise any lasting negative effects. It has also demonstrated that the solution must be designed at supra-national level and coordination between different countries is now essential.

Is the financial meltdown a true opportunity for big thinking? Perhaps, although not likely. The various international forums on the financial crisis, such as the G20 meetings of November 2008 in Washington, April 2009 in London, and September 2009 in Pittsburgh excluded undeveloped countries, illustrating that finance and trade is reserved largely for the ‘club’ of rich and developed countries. Developing countries will also feel the effects of the crisis, but rethinking how aid, trade, finance and state models are linked and how they can be mutually reinforcing is not yet on the agenda. Although it is still too soon to tell, countries such as Haiti will probably continue to be denied debt relief, conditioned into following the neo-liberal democracy model, until rich countries redesign and reconfigure the actual financial architecture, where recent events clearly illustrate that the role of state is fundamental.

The irony, however, is that in situations of fragility and vulnerability, where there is a lack of state capacity to provide security and basic services and protection, the basic functions are fulfilled by the international community, which in turn can undermine the state-society relationship and delegitimise the very institutions that are so essential to Haiti’s recovery. Individual efforts are no longer sufficient to face the financial, economic and environmental insecurity that has become truly global. Haiti is connected to the demographics in China, droughts in Australia, biofuel production in Brazil and to disadvantageous trade policies with the US and Europe. Through little fault of its own, Haiti suffers severe consequences of exogenous phenomena. Because of this the international community has an obligation to work with the Haitian state, invest in regional disaster risk reduction policies and have a better local impact.

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