

IN 1948, THE EUROPEANS NEEDED A MARSHALL PLAN, TODAY HAITI NEEDS A CLINTON PLAN FOR RECONSTRUCTION AND ECONOMIC RECOVERY

More than a month has passed since Haiti was struck by the most terrible earthquake ever known in its history. The damage far exceeds the economic capacity of the country which has been depleted by previous disasters both natural and human. The very existence of Haiti is now threatened.

The earthquake of May 7, 1842 and August 4, 1946, despite their magnitudes cannot be compared to that of January 12, 2010.

Extraordinary measures must be taken in order to avert the long-term effects of this tragedy.

For this reason, we at the Haitian Priorities Project recommend applying a "Clinton Plan" for Haiti:

As was the case in 1948, the European Recovery Program named after George Marshall, then US Secretary of State, the U.S. plan to help rebuild Haiti should be called a Clinton PLAN in the spirit of the previous plan for Europe, given the presence Mrs. Clinton at the helm of America's affairs as Secretary of State.



In addition, there is sentimental affinity that the former U.S. President Bill Clinton and his wife the current U.S. Secretary of State have for Haiti. The Clintons spent their honeymoon in Haiti and the former president and his wife are very loved by Haitians.

The U.S. Secretary of State now has a golden opportunity to print in permanent ink her own fingerprints on the renewal of Haiti. Hillary Rodham Clinton, the first woman to be a leading candidate for the nomination of a political party to run for the presidency of the United States and the wife of a former president of the United States to occupy the post of minister will again mark history of the realization of the

"Clinton Plan for Haiti."

We wish to stress clearly that there can be no reconstruction in Haiti without a special program of relocation and compensation for the victims of the earthquake.

THE CLINTON PLAN may be a combination of aid and loan guarantees by a general obligation or revenue bond issued by the Haitian government for sale in the Haitian Diaspora, to Haitian as well as foreign companies wishing to invest in the country's future.

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A massive investment over 3 to 5 years at most for the reconstruction and revitalization of the total economy of Haiti:

- \$ 5 billion to help the Haitian people to build their livelihoods
- \$ 2 billion to build the private sector
- \$ 1 billion for electrical installations of a total of 1500 megawatts at least
- \$ 1.5 billion to build the various local government and administrative complex in the country's 10 departments
- \$ 1 billion for the telephone communication system, a system capable of delivering at least 1 million landlines / fixed
- \$ 3 billion for the construction of 5,000 km / Roads, connectors, sewers, facilities for the collection of garbage
- \$ 1 billion for 1 international airport in each of our departments
- \$ 1 billion for the agricultural sector
- \$ 2 billion for education sector
- \$ 2.5 billion for economic development
- \$ 700 million for heavy machinery

A total of \$20.7 billion is needed to put Haiti on the path to re-development. If we put this amount in the context of the GDP of the United States in 2009 (20.7/14, 305) it would be less than 1 hundredth of 1% of GDP of the United States, and less than the \$25 billion spent in 1948 on the Marshall Plan for the countries of Europe after the Second World War.

The Marshall Plan, from its promulgation, was known as the European Recovery Program. The program began in 1948 and was completed in 1952. The United States implemented the plan as a tool for rebuilding and creating a stronger economic basis for the countries of Western Europe, to reduce the threat of communism after the Second World War.

The plan was named after Secretary of State George Marshall who was largely responsible for creating the program alongside officials from the State Department, in particular William L. Clayton and George F. Kennan. George Marshall spoke of the desire of the U.S. administration to help Europe recover from the disastrous effects of war. The reconstruction plan was developed during a meeting of participating European States and was established on June 5, 1947. The plan was in operation for four years.

During this period, some \$13 billion dollars in economic and technical assistance was given to

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help the recovery of European countries that had joined the Organization for European Economic Cooperation. At the time, \$13 billion, accounted for approximately ½% of GDP of \$258 billion, and, added to the \$12 billion of aid to Europe between the end of the war and the beginning of the plan, totaled an estimated 1% of U.S. GDP in 1948, or \$25 billion dollars.

The Clinton plan will aim to compensate victims of the disaster, help restore them to pre-disaster conditions, provide basic infrastructure such as electricity 24/7, and connect the ten departments of the country together through solid and reliable roads. It will provide new ways of transportation by sea, ferry and air throughout the country.

A communication network with high technological capabilities will meet the requirements of an expanding economy. The educational system will be revamped to prepare students to assume leadership in the new economy.

A program of health and preventive care will be established to serve the entire country. A jobs program that is cumulative and long-term in conjunction with lending opportunities for new entrepreneurs.

More important are efforts to modernize the business practices of Haitian industry dating back several decades. They should be replaced by high-performance U.S and developing country models to reduce artificial barriers to trade and instill a sense of hope and self-sufficiency in the country.

The Clinton plan with its goal of economic recovery on a modern base would be a necessary step to help Haiti build its capacity for economic, political, social and cultural advancement.

The funding would end in 2014, and the Haitian economy will at that time exceed the level of production before the earthquake. Haiti, the beneficiary of Clinton's plan will see further production of more than 100% in 2014 as compared to 2010 levels.

Over the next two decades, Haiti will continue to innovate and its economy will grow at an unprecedented level, prosperity will be seen throughout the country due directly to the CLINTON PLAN.

It is clear that without massive intervention in the economy and the reconstruction of Haiti, recovery would not be possible. The country will face its worst economic catastrophe, far greater than that brought about by the ransom paid by Haiti to France.

A Clinton plan should be developed by the U.S. State Department in conjunction with the Haitian government and the duly qualified members of the Haitian Diaspora in order to protect

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Haiti's population from the otherwise impending disasters ahead.

The Clinton Plan will be one of the first elements of the integration of Haiti into the world of developing nations. This plan should help remove trade barriers and create modern Haitian institutions to coordinate the international economy. This plan is intended to stimulate political and economic reconstruction of Haiti as a whole and to create a stable economy capable to grow in the long-term.

Given the total destruction of Haiti's infrastructure, in addition to political and physical devastation of the country in 2004, Haiti meets the requirements for a similar plan which might be called the Economic Recovery Plan for Haiti (HERP) under the auspices the U.S. Secretary of State Mrs. Hillary Rodham Clinton without which, it will be almost impossible for Haiti to become a viable nation.

Nearly twice the size of Maryland, with a total of 27,750 square kilometers, Haiti ranks 147th in size compared with other under developed countries in the world. It offers 190 square kilometers of pristine oceanfront.

Haiti has enough natural resources to build a viable nation, although capital investment is lacking and some of its natural resources such as oil are considered strategic reserves for the United States. This highlights the interference and unfair treatment received by Haiti from a geopolitical perspective. Take for example the conflict between Haiti and the United States about the Navassa Island.

Haiti has reserves of bauxite, copper, calcium carbonate, gold, marble, hydropower and petroleum. Its population is estimated at 10 million people, relatively very young, able and willing to work.





0-14 years: 38.1% (male 1,735,917 / female 1,704,383) 15-64 years: 58.5% (male 2,621,059 / female 2,665,447)

65 years and over: 3.4% (males 120.040 / 188.690 women) (est. 2009)

Haiti has its area divided into 10 departments: Artibonite, Center, Grand 'Anse, Nippes, North, Northeast, Northwest, West, South, Southeast and so on. Each has an urgent need for infrastructure, electricity, roads, telephone lines, sewers, drinking water, schools--in short everything that a modern nation needs to function.

Haiti is the most impoverished country in the Western Hemisphere, with 80% of its population living below the poverty line and 54% in abject poverty. Two thirds of Haiti's population depend on agriculture, mainly subsistence farming on a small scale, and remain vulnerable to damage from frequent natural disasters, exacerbated by widespread deforestation in the country.



To understand the magnitude of poverty and why Haiti could not be on the road to economic recovery, it does not suffice to blame the calamity on past leaders' meager capacity and/or vision, coups d'état, etc... It is also important to note that, since its independence, Haiti has been paralyzed by ransom demanded by France--100 million francs over a period of more than 100 years--so that its independence could be recognized.

Haiti, after the unfair ransom payments, was never able to build a viable nation. Conversely, our neighbors to the west on the island of Hispaniola, the Dominican Republic, although on the same island, were never subjected to unlawful payments of ransom demanded by France, which enabled them to build a more dynamic economy and modern cities far better than Haiti's.

While the economy has shown a few signs of recovery in recent years, registering positive growth since 2005, after the devastation of Hurricane Jeanne in 2004, several hurricanes damaged the whole system in 2008, including the infrastructure, transportation and agriculture.

The economic commitment of the United States under the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE), adopted in December 2006, has boosted exports of clothing and other investments by providing duty-free entry of goods to the United States.

HOPE II, voted in October 2008, has further improved export prospects for the clothing sector by extending preferences to 2018. This sector represents two-thirds of Haitian exports and about one-eighth of GDP. Remittances are the largest source of foreign exchange, equivalent to over 15% of GDP and more than double the export earnings.

Haiti suffers from high inflation and a chronic lack of investment due to a lack of understanding of security issues, limited infrastructure and a severe trade deficit. In 2005, Haiti paid its arrears to the World Bank, paving the way for a resumption of contacts with the Bank. Haiti received in mid-2009 forgiveness of debt estimated at approximately \$525 million through the program for Heavily Indebted Poor Countries (HIPC). The government relies on formal international economic assistance for its fiscal sustainability.

The United States and France have a moral obligation to Haiti; they must correct the wrong done to our young nation in 1824, four years after the launch of the Monroe Doctrine, a pact signed in 1820 between the United States and Europe to avoid aggression against the countries within their geographic areas.

In 1824, France sent 65 ships into the harbor of Port-au-Prince and threatened the country's return to slavery if the Haitian government did not make annual payments to France. Boyer, who was then president, had to close down all government services, including schools. This decision

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has had a severe impact on Haiti's educational system and significantly reduced the government's ability to create stable institutions. These payments continued for over a hundred years, with a total of 100 million francs having been paid to France.

The needs are obvious. The repetition of these historical facts is only intended to restore the truth about events that have contributed to the socio-economic disaster that is now Haiti.

Considering these facts, it is obvious that unless a significant investment of over \$20 billion is made in Haiti, the country will never get out of this socio-economic chaos.

It is unthinkable that a government operates with an annual budget of less than \$2 billion, of which 60% is dependent on bilateral aid. It will never be able to meet the needs of a population of about 10 million people.

The United States, in particular, has always come to aid Haiti, and as Haitians we will be eternally grateful to the American people and their government. But at this juncture in our history, if a substantial investment is not made in Haiti, the round of "boat people" braving the seas to seek refuge illegally in Florida will increase to a scale greater than history has ever known.

We now call upon the generosity and humanity of the United States, France, Canada, Venezuela, Cuba and all our allies for an investment on the scale mentioned above within a period not exceeding 3 years, or the cycle of poverty and misery will continue in Haiti for centuries to come.

Jacob Francis, MBA

Sources: CIA World Book

Bureau of Economic Analysis (BEA)