



A MARSHALL PLAN FOR HAITI IS THE WAY THAT THE OBAMA ADMINISTRATION AND UNITED STATES CONGRESS SHOULD GO

Today Haiti is struck by a terrible catastrophe far beyond its economic capacity and the earthquake threatens its very existence. The bells have tolled and extraordinary measures must be taken. For this reason, we at the Haitian Priorities Project suggest applying a "Marshall Plan" for Haiti:

- **\$5 billion to help the Haitian people rebuild their livelihood**
- **\$2 billion earmarked for the private sector**
- **\$1 billion for a 1500-megawatt electrical plant**
- **\$1.5 billion to rebuild various government compounds in the 10 departments**
- **\$1 billion for a communication system capable of providing at least 1 million land lines**
- **\$3 billion to entirely rebuild 5,000 km of roads, connectors, sewers and provide garbage collection**
- **\$1 billion for 10 national airports in 10 departments**
- **\$1 billion for the agricultural sector**
- **\$2 billion for the school sector**
- **\$2.5 billion for economic development programs**
- **\$700 million for heavy machinery**

In total, \$20.7 billion is needed to put Haiti back on the way to becoming a modern nation. If we put this amount in the context of the United States GDP for 2009 20.7/14,305 is less than 1 hundredth of 1 % of the United States GDP and less than the \$25 billion spent in 1948 dollars on the Marshall Plan from the European Recovery Program

The **Marshall Plan**, from its inception was known as the **European Recovery Program**, (*ERP*). The first phase of the program started in 1948 and ran through 1952. The United States implemented the ERP as a tool for rebuilding and creating a stronger economic foundation for countries in Western Europe, and thwarting the threat of communism after World War II.

The plan, named after Secretary of State George Marshall, was largely the creation of State Department officials, especially William L. Clayton and George F. Kennan. George Marshall spoke of the administration's desire to help Europeans recover from the disastrous effects of the war.

The reconstruction plan was developed at a meeting of the participating European states, and was established on June 5, 1947. The plan was in operation for four years beginning in April 1948.

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During that period some \$13 US billion in economic and technical assistance were given to help the recovery of the European countries that had joined in the Organization for European Economic Co-operation. At the time, \$13 billion was approximately ½ % of the U.S. GDP of \$258 billion in 1948, and was on top of \$12 billion in American aid to Europe between the end of the war and the start of the Plan for a total aid package estimated at 1% of US GDP in 1948.

The ERP addressed each of the obstacles to post-war recovery. The plan looked to the future and did not focus on the destruction caused by the war. Much more important were efforts to modernize European industrial and business practices using high-efficiency American models, reduce artificial trade barriers, and instill a sense of hope and self-reliance.

By 1952 as the funding ended, the economy of every participant state had surpassed pre-war levels; for all Marshall Plan recipients, output in 1951 was 35% higher than in 1938. Over the next two decades, Western Europe enjoyed unprecedented growth and prosperity, a great proportion of this prosperity was due directly to the ERP. It is fairly easy to conclude that, without intervention the recovery would not have been possible and Europe could be headed for a downward spiral. The Marshall Plan was one of the first elements of European integration, as it erased trade barriers and set up institutions to coordinate the economy on a continental level—that is, it stimulated the total political reconstruction of Western Europe.

Haiti, given the total destruction of its infrastructure, is well poised for a similar plan which can be dubbed (Haiti Recovery Plan HRP) without which Haiti will never be a viable nation.

With a total number of 27,750 sq km, Haiti is placed 147 in country comparison of square footage. It has 190 sq km of water, a country approximately twice the size of Maryland.

Haiti has enough natural resources to build a viable nation, although capital investment is lacking and some natural resources possessed by Haiti are deemed strategic reserves to the United States. These highlight the unfair treatment received by Haiti from its partners from a geopolitical sense, for example, the conflict with the United States about the Navassa Island.

Haiti has bauxite, copper, calcium carbonate, gold, marble, hydropower and oil.

Haiti's population is estimated at 10 million people and has relatively a very young population capable and eager 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% (male 120,040/female 188,690) (2009 est.)

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Haiti has its territory divided into 10 departments and each one of them is in need of its own infrastructure including electricity, roads, phone lines, sewer, water, schools and everything that a modern nation needs. Artibonite, Centre, Grand 'Anse, Nippes, Nord, Nord-Est, Nord-Ouest, Ouest, Sud, Sud-Est.

Haiti is the most impoverished country in the Western Hemisphere with 80% of the population living under the poverty line and 54% in abject poverty. Two-thirds of all Haitians depend on the agricultural sector, mainly small-scale subsistence farming, and remain vulnerable to damage from frequent natural disasters, exacerbated by the country's widespread deforestation. To understand the magnitude of the poverty and the reasons why Haiti could never be on the path of economic recovery, it is not enough to blame this calamity on poor leadership, unrest etc. It is also important to highlight that Haiti, since its independence, has been crippled by ransom demands collected from this impoverished nation by France. France demanded 100 million francs over 100 years from its former slave colony in order for its independence to be recognized. Haiti, after these unfair ransom collections, was never able to build a viable nation. Amid this Caribbean, western one-third of the island of Hispaniola, the Dominican Republic although on the same island was never subject to this illegal ransom collection from France, thus at this point in time, is able to build a more vibrant economy as compared to Haiti.

The economy has shown some signs of recovery in recent years, registering positive growth since 2005 after the ravages of hurricane Jeanne in 2004. Several hurricanes damaged the entire system in 2008 as well as the transportation infrastructure and agricultural sector.

US economic engagement under the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act, passed in December 2006, has boosted apparel exports and investment by providing tariff-free access to the US.

HOPE II, passed in October 2008, has further improved the export environment for the apparel sector by extending preferences to 2018; the apparel sector accounts for two-thirds of Haitian exports and about 8% of GDP. Remittances are the primary source of foreign exchange, equaling more than 15% GDP and about twice the earnings from exports.

Haiti suffers from high inflation, a 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 reengagement with the Bank. Haiti has received debt forgiveness for about \$525 million of its debt through the Highly-Indebted Poor Country (HIPC) initiative by mid-2009. The government relies on formal international economic assistance for fiscal sustainability.

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The United States and France have a moral obligation to correct the wrongs against Haiti dating back to 1824, four years after the Monroe Doctrine was initiated. Whereby there was a pact between the US and Europe to avoid aggression toward countries within their geographical area which was signed in 1820.

In 1824, France sent 65 ships to Haitian ports threatening to take the country back to slavery if an agreement was not signed and to start paying 100 million francs to France on a yearly basis. At the time, Boyer who was then President, had to shut down all government services including all the schools. This decision had a deepening impact on the education system and on all subsequent government to create viable institutions.

The needs are clear, the repetition of these historical facts is just to set the record straight so that everyone knows why Haiti is the way it is.

If substantial investment is not made in Haiti of over \$20 billion, Haiti will never come out of this terrible position. A government operating with less than \$2 billion dollars a year, of which 60% is from bilateral aid, will never be able to respond to the needs of a population of 10 million people.

The United States has in particular been helping. However, at this juncture, if substantial investment is not made in Haiti, the spiral of boat people to Florida will continue for a long time.

Our plea is to appeal to the humane compassion we know to exist in the United States, France, Canada, Venezuela, Cuba and all of our allies to make their investments in the framework that was stated above in a length of time not to exceed three years. Otherwise, the spiral of misery will continue in Haiti for another 200 hundred years.

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Sources: Bureau of Economics Analysis (BEA)
CIA Worldbook

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