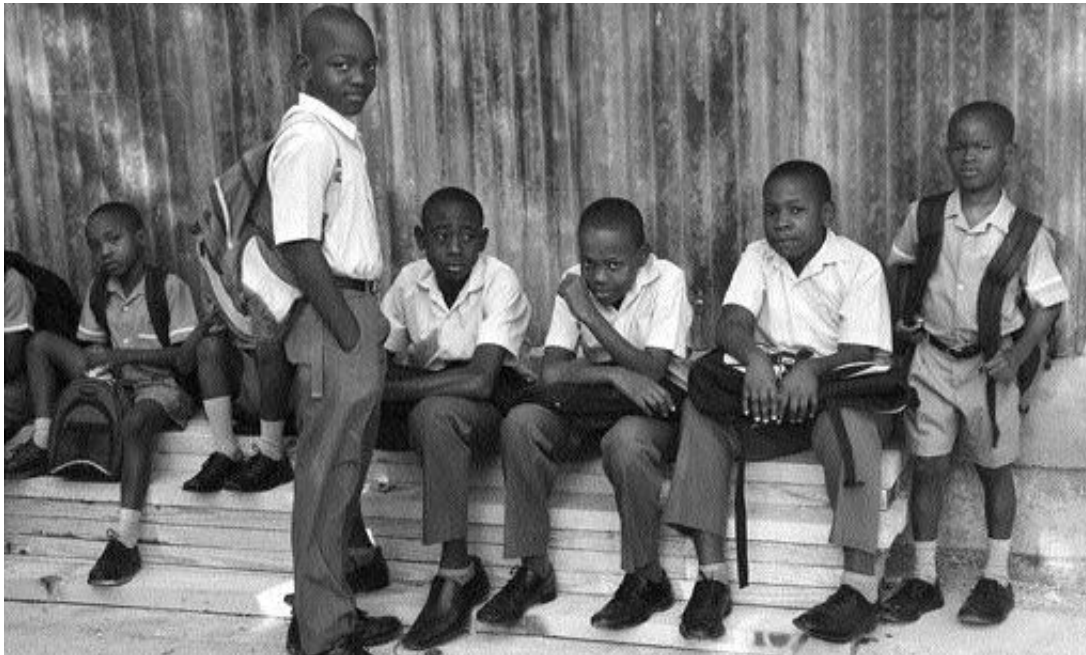


# The Mauritian miracle and the Haitian tragedy

One small, Creole-speaking developing island nation has a thriving economy, the other is a failing state -- there are lessons here

BY DAVID CARMENT AND YIAGA DEESEN SAMY, CITIZEN SPECIAL APRIL 8, 2010



Students gather while waiting for a lesson to start this week at a recently reopened school in downtown Port-au-Prince. The road to recovery for Haiti will be long, but it can draw on the success story of Mauritius.

**Photograph by:** Reuters, Citizen Special

Over the last decade or so, Canada and its allies have devoted considerable policy resources to fixing the most egregious cases of state failure such as Somalia, Congo, Bosnia and Afghan-

istan. In comparison, efforts to help the extremely vulnerable small island developing states (SIDS) scattered throughout the Caribbean, the Asia Pacific and South Asia have been relatively insignificant.

For one thing, the kind of large-scale conflict we normally associate with state failure is almost entirely absent in these small states. As a result, these countries do not get the same kind of attention and resources the larger failed states do.

Yet, as Haiti shows us, SIDS are extremely vulnerable to natural and environmental disasters. They are the world's "canaries in the coal mine" for climate change. They have extreme economic vulnerabilities and they have difficulties integrating into the global economy. Their heavy dependence on agriculture and food imports as well as a narrow resource base also makes them vulnerable to economic recessions.

On the other hand, there are a number of positive factors that bode well for some SIDS. Take for example their historical links with the British Empire. Most SIDS that were once colonies of the British Empire tend to retain these democratic features. SIDS also tend to be more stable than small non-island

states because their remoteness isolates and, in some ways, immunizes them from the effects of conflicts in neighbouring countries.

Consider the case of Mauritius, which is often cited as one of the few success stories in sub-Saharan Africa. Independent from the British since 1968, this country was once a mono-crop economy dependent on the sugar industry and vulnerable to trade shocks, and a high possibility of ethnic tension due to its diverse and growing population. Nobel Prize winning economist James Meade argued in the 1960s that there was a high probability that Mauritius would fail.

Today, Mauritius is a middle-income country (as a result of two decades of sustained growth in the 1980s and 1990s) with a diversified economy, where manufacturing, tourism and the financial services sectors are also important pillars in addition to the sugar sector. The country's diaspora continues to play an important role in providing remittances and is being encouraged to provide intellectual guidance and leadership on how to meet head-on the country's economic, development and political challenges.

On the other hand, Haiti, a fellow Creole-speaking SIDS, has had a history of extreme poverty and fragility, with deep structural weaknesses in areas of governance, human and economic development, and security. As Haitians look toward rebuilding their country after the terrible earthquake of Jan. 12 they could draw some valuable lessons from post-independence Mauritius.

Discovered and visited by Arab and Portuguese sailors in the 16th century, Mauritius was first colonized by the Dutch (1598-1710), followed by the French (1710-1810), and then the British (1810-1968). During Dutch and French rule, slaves and sugar cane were brought to the island, and under French rule, the sugar industry and plantation economy were established.

The abolition of slavery in British colonies led to a shortage of labour in the plantations and Indian indentured labourers were brought in. Together with Chinese migration as traders, the ethnic composition of Mauritius changed dramatically so that today, the population is a heterogeneous mix of people from India (the majority), Africa, China and France.

By the time Mauritius gained its independence from the British in 1968, it had a number of initial conditions that played an important role in its economic development for the next 40 or so years: high levels of human capital and good institutions represented by the rule of law, a democratic tradition and freedom of the press, and well-established property rights.

While colonialism and history were more favourable to Mauritius, its post-independence success can offer some important lessons for Haiti. To be sure, there were as many negative as positive initial conditions present in Mauritius in 1968, including remoteness, lack of natural resources and a tropical climate. But growth rates in Mauritius averaged 5.2 per cent over the period 1981-2008, and income per capita increased more than three times to reach \$11,165 U.S. in 2008; the corresponding numbers in the case of Haiti were an average growth rate of -0.4 per cent and a halving of income per capita to \$1,088 U.S. in 2008.

During the same period of time, Mauritius received \$1.2 billion U.S. in aid but its dependency on aid as a percentage of national income has declined substantially to less than one per cent in recent years. By comparison, Haiti received \$8.3 billion in aid from 1980 to 2008, with aid now representing almost 15 per cent of its national income. And yet, as we have discussed elsewhere, its social indicators are appalling.

How can one reconcile the growth and development Mauritian miracle with the Haitian tragedy? Many factors contributed to the Mauritian success but the following elements are especially important.

First, Mauritius benefitted from preferential access for sugar to the EU and textiles to the U.S. This preferential treatment allowed the country to invest in public works and welfare schemes. Maintaining this "welfare state" also required an efficient taxation system and hence led to more accountability.

Second, political stability, well-established property rights, rule of law and relatively high levels of human capital made investment in the Mauritian export processing zone (EPZ) and the tourism industry a very attractive prospect for foreigners.

Third, Mauritius was able to use its ethnic diversity and diaspora to its advantage by attracting foreign direct investment from Hong Kong and India.

Fourth, the leadership in Mauritius adapted extremely well to its religious and ethnic diversity by promoting the concept of "unity in diversity," through regular consultations with religious organizations, government subsidies to religious groups, and the (more controversial) "best-loser system" that guarantees seats in parliament for underrepresented minorities. Since its independence, Mauritius has always been governed by coalition governments made up of at least two political parties.

So why did Haiti fail to develop mechanisms of resilience related to good governance and economic management while Mauritius was more successful in doing so? Some observers might conclude that Haiti was dealt a bad hand from the colonial period onward and never really recovered. Our research suggests, on the other hand, that lack of leadership has been the single most important determinant of Haiti's repeated failures.

If we examine the progress made by Mauritian leaders, we can see that they chose co-operation and the efficient distribution of resources over self aggrandizement; economic diversification and productivity over external dependence; and political stability over dictatorship.

The road to recovery for Haiti will be long. Drawing on the Mauritius success story, we argue that Haiti's reconstruction needs to be a sequenced process to reduce economic vulnerability and to build political resilience.

First, there needs to be a sustainable level of economic capacity in terms of basic services, followed by the creation of strong and legitimate authority that includes political stability, the rule of law and well-established property rights. Without these, aid will be wasted, and trade and investment will not take place.

Without these, the trust (which is so clearly in evidence in Mauritius and absent in Haiti) that must exist between the governed and those who govern them will never develop. Without trust and leadership, long-term sustainable development will remain elusive in Haiti.

David Carment is a CDFAI fellow and professor of International Affairs at Carleton University.

A native of Mauritius, Yiagadeesen Samy is associate professor of International Affairs at Carleton University and research associate at the North-South Institute.

This op-ed is based on a presentation they made yesterday to the University of Ottawa's Haiti symposium.

© Copyright (c) The Ottawa Citizen