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A Marshall Plan for Haiti? Think again

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Most of Haiti's difficulties in recovering from last month's earthquake stem from deep underlying structural weaknesses that were in place decades before the quake struck. That's why we are troubled to learn that foreign and development ministers are considering a road map based on a Marshall Plan for Haiti.

Drawing on the ideas of economists Paul Collier and Jeffrey Sachs (among others), such a strategy could see the mobilization of billions of dollars over the next few years for reconstruction and development. History shows this kind of economic strategy worked for Europe, but is it appropriate for the poorest country in the Western Hemisphere?

From research we have conducted on small island developing states, we question the assumption that contributing massive amounts of aid and financial support to Haiti will yield substantial results. Even if we assume that interest in Haiti and all the promises that have been made don't evaporate as time goes by, the idea of a Marshall Plan must be questioned. Instead of a massive influx of untargeted funds, a well-thought-out, long-term, sequenced and financially more modest strategy is needed. In this regard, Canada can make a key contribution.

In a speech at Harvard in 1947, George Marshall, the then U.S. secretary of state, laid the foundations for the European Recovery Program to rebuild Europe after the ravages dealt to it during the Second World War. His view was that assistance "must not be on a piecemeal basis as various crises develop" and "should provide a cure rather than a mere palliative." The rest is history, as they say, but if the Marshall Plan caused Europe to grow, it was because Europe had a number of favourable pre-conditions that are largely absent in Haiti: high levels of human capital, a long history of democratic institutions and rule of law, private enterprise, and trading history.

The results in the case of Haiti are telling. It has received close to \$9-billion (U.S.) in foreign aid between 1960 and 2008. Before the quake hit, the country was ranked 149th out of 182 countries on the United Nations Human Development Index, with 72 per cent of its population living on less than \$2 a day. Its GDP per capita in 2008 of \$1,087 (U.S.) was roughly half of what it was in 1980, and life expectancy is at 61 years (compared with \$7,600 and 72 years for its immediate neighbour, the Dominican Republic).

Transparency International ranks Haiti 168th out of 180 countries in its 2009 corruption perceptions index. Haiti also still owes \$1.25-billion in debt despite seeing a large part of it written off recently; far too often, these loans went to useless projects or benefited the leaders and the well-connected at the expense of the needy.

Haiti is Canada's largest recipient of aid in the Caribbean. Its absorptive capacity will be the key concern for lifting the country from its dire situation. Massive amounts of aid applied over a short time simply

can't be effectively and properly used by a country that lacks the rudiments of effective government, critical infrastructure and basic control over its territory and people. To address problems of absorption, Canada and its donor partners will need a strategy that clearly lays out the sequencing of building political authority, legitimate governance and sound economic capacity.

An effective strategic plan begins by specifying the end results that are expected from those investments, the risks in achieving those results, and indicators that track a reduction in those risks over time. In short, a road map is only useful if you know your final destination.

Donors will need a much more precise monitoring capability than they currently use. They can't operate in the dark – though they often do. If Canada is going to make Haiti our No. 1 development priority over the next several years and perhaps the next decade, then we have an opportunity to use the tools we have invested in to systematically and carefully evaluate the impact our investments are having on Haiti. It's our test case for “getting aid right,” and getting aid right means the effective, relevant and costed deployment of resources.

Haiti's problems are more than just development-related. Security and regional considerations must be factored into our policies. Since the collapse of a state typically has deleterious effects on its neighbours, we note that Haiti is no exception. For example, Haiti is a major transit point for narcotics trafficking. That “role” may shift elsewhere with the possibility of destabilizing Jamaica, another country that receives large amounts of Canadian aid.

It would be unwise for our policy-makers to think about rebuilding Haiti without due reference to the impact that “reconstruction” will have on regional development and security. Such judgments require co-ordination and coherence from our departments of defence, development and diplomacy and, above all, strong leadership to ensure they are all working from the same road map.

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