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## What's Wrong With Haiti?

**A poor start and recent political instability have weakened Haiti's business environment. But progress is taking place.**

**BY CHRONICLE STAFF**

Just as Haitian president Rene Preval was visiting U.S. President George W. Bush and getting praise for security and economic progress in the impoverished nation, the Latin Business Index shows that Haiti is once again the worst country in Latin America when it comes to business.

The index from Latin Business Chronicle compares 19 countries when it comes to macro environment, globalization and competitiveness, corporate environment, technology level and socio-political environment.

Haiti appears to be the exact opposite of Chile. While the South American nation typically ranks top in Latin America on international surveys related to business, Haiti typically ends up last on the same ones. On the Latin Business Index, for example, Haiti comes in last on three of the five categories - macro environment, globalization and competitiveness and technology level.

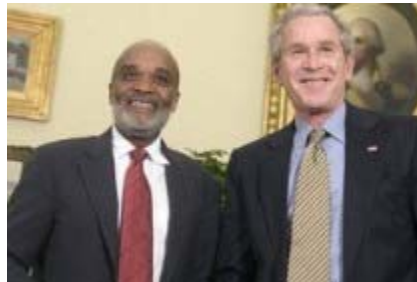
However, it also ranks second-worst in corporate environment and fourth-worst in socio-political environment.

And while Chile tops Latin America's GDP per capita ranking, Haiti ends up last. Its GDP per capita is more than 15 times lower than that of Chile and also lags African nations like Benin, Chad and Ghana when it comes to GDP per capita, according to a Latin Business Chronicle analysis of data from the International Monetary Fund.

### WHAT'S WRONG?

So what's wrong with Haiti? Partially difficult conditions such as weak institutions, low human capital and poor infrastructure, says Carlo Dade, a leading Haiti expert and executive director of the Canadian Foundation for the Americas (FOCAL).

The reasons behind these factors, in turn, are largely political. The ouster of strongman Jean-Claude "Baby Doc" Duvalier in 1986 was followed by a series of governments too weak or too dictatorial to bring badly needed confidence in the Haitian economy. Most recently, the government of Jean-Bertrand Aristide (2001-04) was marred by growing violence and was followed by a weak transition government that handed over power to current president Preval a year ago.



US VISIT: Haitian president Rene Preval visited US President George W. Bush on Tuesday. (Photo: Joyce Boghosian/The White House).

However, Haiti has from its independence faced major challenges, Dade argues.

"We forget just how far behind the rest of the hemisphere Haiti began," he says, pointing to the 90 million gold francs in indemnities it paid France and French slave holders in 1825, several US and European embargoes and a century of Latin American and international hostility to the country.

"Haiti had more or less the same run of incompetent, corrupt and malfeasant dictatorships as did the rest of the hemisphere, it just started out so much further behind [so] the results in Haiti have been more devastating," Dade says.

#### PREVAL'S PROGRESS

Yet, the country has made significant progress.

"I think if you had said a year ago that the gangs would be on the run, that economic growth would be about 4 percent and the major countries engaged in Haiti would be looking at transitioning from peace keeping to do more development, the reaction would be extreme skepticism," says Dade. "Preval has pulled the country together. He may not be loved, but everyone recognizes that he is the best that the country has, best that it has had in a while, and on top of that, he is not doing too badly."

And although the business climate is difficult in Haiti, there are sectors doing well, Dade points out. They include banks and wireless telephone companies. "A major problem in the recovery of Haiti is that perception of risk does not match reality," he says. "Violence is rare outside the capital... Haiti has never been able to "spin" bad news coming out of the country the way other governments in the Caribbean have."

President Bush today praised Preval. "Mr. President, I praise your efforts on establishing rule of law and routing out corruption," Bush told him after a meeting at The White House. "The security situation is improving somewhat, ... the economy is improving, inflation is down, exports are up. Yet, there's still a lot of work to be done."

Preval for his part took the opportunity to urge more investment.

"Peace has been restored, and the conditions for investment are here," he said.

"Haiti is awaiting American investors. We've opened a campaign to fight against corruption and contraband so that all can be on a level playing field and for conditions for competition to be right. Therefore, investors will not have to fear in terms of security or corruption, and they can come to Haiti, because what we need in Haiti are jobs."

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