AN ISLAND DRIFTING APART. WHY HAITI IS MIRED IN POVERTY WHILE THE DOMINICAN REPUBLIC FORGES AHEAD

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Abstract: The 2010 earthquake in Haiti has exposed the extreme vulnerability of a society where the state and the economy simultaneously fail to deliver. The Dominican Republic has witnessed several phases of rapid economic growth since the 1870s and, from the 1970s onwards, a sustained process of political emancipation. Douglas North, John Wallis and Barry Weingast have developed a conceptual framework to explain different long-term performance characteristics of societies, which we apply to the case of Hispaniola. We argue that it captures the internal logic of the political economy of both societies but fails to account for the effect of different foreign relations. Copyright © 2013 John Wiley & Sons, Ltd.

Keywords: economic growth; institutional theory; Haiti; Dominican Republic; economic divergence

1 INTRODUCTION

In the late Tuesday afternoon of 12 January 2010, a devastating earthquake near Haiti’s capital, Port-Au-Prince, took an estimated 250 thousand lives.1 In the aftermath of this catastrophe, international media registered the incapacity of the Haitian government to improve the lot of its crestfallen population. Emergency aid provided by the international community, including medical and logistic assistance from the neighbouring Dominican Republic, was frustrated by ailing organisational discipline. People who lost their homes

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1Estimates of the death toll range from 200 000 to 250 000. For the sake of comparison, the 1989 earthquake in the San Francisco Bay Area (7.1 at the Richter scale against 7.0 in Haiti), taking place in an equally densely populated area, had an official death toll of 63.

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struggled to survive in improvised tent camps for years afterwards. With an estimated GDP per capita in 2012 of $776, Haiti belongs, together with Afghanistan, to the poorest countries in the world outside sub-Saharan Africa (IMF, 2012), and with a Gini coefficient of household income inequality of 0.59, Haiti is also one of the most unequal countries in the world (Frankema, 2009b). Haiti is the epitome of a failed state.

In the late 18th century, the French colony Saint Domingue—Haiti since 1804—was considered one of the wealthiest colonies in the world. The jewel of the French Atlantic empire produced impressive quantities of sugar and coffee (Eltis, 1997). At that time, Santo Domingo—Dominican Republic since 1844—was a backwater in the vast Spanish American empire. Santo Domingo was no match for the Haitian forces overrunning the eastern part of the island after the successful conclusion of the slave revolution in the early 19th century. However, during the 20th century, the Dominican Republic (DR henceforth) recorded one of the highest growth rates in the Western Hemisphere. With an estimated per capita GDP of $5776 in 2012, the DR is now an upper middle income country. For sure, the DR has not banned poverty, and vast socio-economic inequality remains a major problem, but the welfare gap with Haiti is strikingly visible in a wide range of human and social development indicators. How did this island drift apart?

We take the case of Hispaniola to the latest vintage of neo-institutional theory developed by North et al. (2009; NWW henceforth). Their book Violence and Social Orders provides an encompassing conceptual framework for understanding long-term processes of political and socio-economic development. There are at least two reasons why Hispaniola offers a fruitful testing ground for NWW’s conception of social orders. Firstly, Hispaniola’s ‘reversal of fortune’ during the long 20th century poses a special challenge to theories explaining long-term processes of economic divergence: they have to be sufficiently flexible to allow for major turning points in history, while sufficiently rigorous to explain path dependence thereafter.

Secondly, island geography rules out the impact of ecological factors to a larger degree than in most other country comparisons. Although the gifts of nature are not evenly divided across both countries—Haiti arguably faces tougher environmental challenges—the island’s ecology does support the profitable cultivation of tropical cash crops such as sugar, bananas, coffee, tobacco, cotton, indigo, and sisal in both territories. Earthquakes and hurricanes are as common in the western as in the eastern part of the island. However, more important is that the literature seems to agree that environmental degradation in Haiti is largely the result of poverty and underdevelopment in the 20th century and thus has compounded an existing problem, rather than being a root cause (Diamond, 2005). This leaves ample scope for the question as to which extent NWW’s conception of social orders captures the political–economic logic of the observed divergence.

The most cited institutional explanation for persistent poverty in former Latin American colonies emphasises the post-colonial persistence of deep-seated socio-economic and political inequality rooted in colonial institutions. The main idea is that inequality has disabled societies to make optimal use of their productive resources and especially their human resources (Engerman and Sokoloff, 1997; 2005). Mahoney (2010) has recently offered a more ‘historicised’ view, incorporating, amongst others, the effects of major colonial institutional reforms (e.g. the 18th century Bourbon reforms in Spanish America), but he underwrites the idea that colonial legacies have pre-determined current social and economic outcomes and stresses that most of the former backwaters in the Spanish Atlantic empire have progressed more favourably in economic terms in the post-colonial era. The

See for indicators of life expectancy, child mortality, literacy, or educational attainment (World Bank, 2012).
legacy of sugar slavery in Saint Domingue has indeed left a deeper imprint on Haiti than in the case of Santo Domingo (Leyburn, 1966; Rotberg and Clague, 1971). However, there are two problems with the idea that this colonial institutional legacy has persisted.

Firstly, colonial institutions were discarded far more decisively in Haiti than in the DR. The leaders of the slave revolution (1791–1804) granted full civil rights to the former slave population, pushing the notion of *egalité* of the French Revolution far beyond the ‘unthinkable’ in those days (Fatton, 2007). The large-scale redistribution of land after the revolution was unmatched in the region (Frankema, 2010). Foreign landownership was prohibited, and sugar plantations, or any other form of plantation agriculture for that matter, never revived. Indeed, Haiti’s transformation from a prototype plantation economy into an ex-slavery subsistence farming economy was unique in a region where sugar slavery continued to constitute the socio-economic paradigm. It is, therefore, difficult to see the current Haitian state as the product of a persistent colonial system of inequality, which implies neither that one system of inequality cannot be replaced by another nor that such transformations are historically disconnected.

Secondly, predatory politics were the rule in both countries during the past two centuries. Series of violent coups alternated with periods of ruthless dictatorial rule. There is no reason to presume that the nature of political disorder and socio-economic inequality was graver in Haiti than in the DR until far into the 20th century. Table 1 shows that the average time in office of a Dominican president was actually shorter and that the proportion of illegitimate regime changes considerably larger. It is only of fairly recent date that the DR has embarked on a path of political democratisation, with regular, free, and transparent elections.

In fact, we will argue that the different development paths of the DR and Haiti are rooted in different economic policies designed by *equally predatory* political elites. We will also argue that NWW’s conception of social orders helps to understand the context of these varying policy choices. The second part of our argument, however, is that elites governing small polities operate in an international context that is vital to their own political and economic survival. These international relations constrain the choice set of elites in many ways but remain largely outside NWW’s framework.

We proceed to introduce the key aspects of NWW’s ideas (Section 2) and then offer a brief historical introduction of Hispaniola’s political division during the colonial era (Section 3). Section 4 discusses the timing and nature of the reversal of fortune, Section 5 addresses the role of geography, and in Sections 6 to 8, we apply NWW’s framework to interpret the different socio-economic policy trajectories of both countries. Section 9 concludes.

<table>
<thead>
<tr>
<th></th>
<th>Period of independence</th>
<th>Change of presidency (no.)</th>
<th>Average years in office</th>
<th>Presidents completing at least one term</th>
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2 VIOLENCE AND SOCIAL ORDERS

The key premise of NWW’s Violence and Social Orders is that people engage in social organisations because of a shared preference to contain violence. Societies mediate political, economic, religious, and military power through formal and informal institutions. These institutions structure human relationships by giving citizens control over resources and social functions and, by doing so, shape the incentives of individuals and groups that have access to means of violence. The pattern of social organisation that emerges from these institutions is what NWW call a ‘social order’ (2009: xi).

NWW distinguish two basic types. In an ‘open access order’ (OAO henceforth), violence is controlled by an extensive web of public and private organisations guaranteeing free entry to political and economic markets to all members of society, regardless of their social background, ethnic origin, or political preference. A government monopoly on the use of violence (i.e. civilian control over police forces and the military) is secured by legal, administrative, and judicial powers that carefully balance potentially conflicting interests of the state and the society. OAOs support human relationships and economic transactions by formal institutions (law) and by encouraging citizens to participate in public life. OAOs invest large sums of money in education, health care, arts, and infrastructure to strengthen civil society. OAOs are a relatively new phenomenon in human history. Only a handful of Western societies fulfil the conditions of simultaneous open access in the economic and political domain. Once established, however, OAOs tend to be stable because people internalise its constituting values, such as freedom of speech and congregation, in their belief systems. People are willing to defend these values by articulating their beliefs in social exchanges, cultural expressions, and, of course, via the ballot.

In a ‘limited access order’ (LAO henceforth), violence is contained by simultaneously constraining economic and political access. LAOs are stable because people that pose a credible threat to the political status quo also prefer to live in peace and will therefore abstain from using force if they can benefit from access restrictions. The most important condition for political stability in an LAO is economic monopoly power. Politically controlled entry barriers to economic markets generate the rents needed to reward elite members for the continuation of their political support (or abstinence from violence). Political access, in turn, has to be restricted in order to secure the uneven distribution of rents towards elite minorities. Social mobility is mediated through the vertical and personal networks of patronage, rather than by open competition. The stability of elite coalitions thus depends on its ability to organise its own cohesion, in both the economic and the political sphere.

OAOs are better capable of sustaining economic growth than LAOs because the former secures contract enforcement mechanisms that allow economic agents to engage in impersonal exchange (trading without knowing each other). Impersonal exchange is a necessary (though by no means sufficient) condition for sustained economic growth because it pushes market integration, labour division, and specialisation beyond the limitations of personal networks. Ruling elites in LAOs who commit themselves to growth-promoting institutions face a trade-off: liberating access to economic markets, the Internet or schooling may enhance productivity and broaden the tax base, but this also supports social mobility outside the channels of political patronage. Social mobility of ‘outsiders’ poses a threat to political stability when it differentiates elite interests, enlarges the middle class, and raises the call for political inclusion and economic reform. Public education investments offer a much-studied example in Latin American political economy (Mariscal and Sokoloff, 2000; Wegenast, 2009; Frankema, 2009a; Lindert, 2010).
The crux in NWW’s (2009) argument is that the structure of economic rents underpins the stability of the dominant elite coalition. NWW define rent as the ‘return to an economic asset that exceeds the return the asset can receive in its best alternative use’ (p. 19). When the coalition is unstable, there is a tendency to make rents more ‘personal’. However, strengthening ties of personal loyalty reduces market access and hampers economic development. All else being equal, it is easier to consolidate political power in a resource-rich LAO where rents can be derived from assets that are easy to monopolise. One of the explanations for the long-term stability (until recently) of dictatorial dynasties in the Arab world is that many of them are underpinned by oil monopolies. In a resource-poor LAO, where rents can only be obtained by directly extracting income surpluses from large parts of the population, elite coalitions are more difficult to maintain.3 This insight is crucial to explain the political–economic context in which Haitian elites have ruled during the long 20th century.

NWW identify three types of LAOs: the ‘fragile’, the ‘basic’, and the ‘mature’ LAO. The main distinction is the degree to which formal institutions back up the development and maintenance of public and private organisations. NWW (2009) consider Haiti as a prototype of a ‘fragile natural state’—a state that ‘can barely sustain itself in the face of internal or external violence’, a state in which ‘members of the coalition cannot credibly commit themselves to rules or constitutions when the month-to-month reality of the balance within the coalition is in flux’ (p. 42). In fragile states, elite coalitions are short lived. Fragile states cannot sustain economic growth in ways that mature states can, because they lack that degree of organisational freedom required for the development of impersonal social and economic transactions. For impersonal exchange, people have to put their faith in secure contract enforcement mechanisms that reduce the costs of transactions below prohibitive levels. States are ‘fragile’ if the dominant coalition is easily upset by external shocks such as natural disasters or global economic shocks. To remain in charge, the personality and judgment capacities of the leaders are key. These leaders risk death when they make mistakes. Fragile states can achieve some stability when the ruling elites manage to protect the economic privileges of the major political shareholders. Securing the support of the army is critical in this process.

The DR at present fits NWW’s typology of the mature LAO. The country has reached a degree of political stability that secures a macro-economic environment conducive to foreign and domestic investment. Economic and political organisations are supported and secured by a set of formal institutions that constrain the use of arbitrary power. A stable system of property rights protection allows entrepreneurs to develop business or trade organisations independent from personal political connections. DR governments have committed themselves to economic diversification via the removal of entry barriers to capital markets and the improvement of the public education system. DR governments have also subjected themselves to strict laws regulating environmental protection (despite the potential rents that can be obtained from disobeying these laws). Moreover, since 1978, all DR governments have come to power through free and fair elections, which has been unprecedented in DR history.

3In an OAO, rents are created by market competition that supports a Schumpeterian process of creative destruction. The rents derived from innovations are appropriated by the technicians, scholars, entrepreneurs, and investors who invented, applied, adopted, and invested in these new technologies. Their entitlement to rents remains independent of personal political connections.
The question that remains is why do political elites decide differently with regard to the reciprocal access to economic and political markets? We argue that in the case of Hispaniola, the structure of the rents mattered, that the structure of the rents changed as a result of historical events such as Haiti’s slave revolution, and that the access to rents were co-determined by the international context in which elite coalitions in both countries were operating after the revolution. This argument subsumes this case study, as smaller polities always depend on international alliances to secure their political independence and economic interests, and these alliances, in turn, always constrain the choice set open to political elites.

3 THE DIVISION OF HISPANIOLA

Although Columbus’ ‘conquest’ of Hispaniola formed the starting point for Spanish colonisation efforts of the American mainland, the island itself soon lost its appeal to Spanish settlers. Gold deposits were soon depleted, and the indigenous Taíno population was nearly extinguished in just three decades after 1492. Earthquakes and hurricanes destroyed a series of harvests, and a smallpox epidemic killed the majority of imported African slaves in the second half of the 16th century, while the better situated port of Havana (Cuba) emerged as the main stepping stone for Spanish trans-Atlantic traffic (Moya Pons, 1998). During the mid-17th century, French buccaneers started to roam the island’s unprotected northern and western coastlines. The depopulated Spanish settler communities in the eastern part of the island were unable to drive them out, and Spain did too little to help them. The formal recognition of Saint Domingue as a French colony thus paved the way for European investments in a slave plantation complex that turned the western part of the island into the world’s wealthiest sugar and coffee producer by the late 18th century. At the eve of the French Revolution, the slave population was estimated at 450–700 thousand, controlled by ca. 31 thousand Europeans and 28 thousand free mulattos (Heinl and Heinl, 1978; Plant, 1987; Fatton, 2007). Saint Domingue’s sugar production outstripped the entire British West Indies (Plant, 1987), and the colony accounted for more than a third of France’s foreign trade (Brown, 2005; Fatton, 2007). Santo Domingo specialised in the export of livestock products such as meat, tallow, and hides to feed the French plantation colony.

The ideals of the French Revolution inspired the free mulatto population to demand equal political rights. Their demands undermined the political status quo, which had until then been preserved relatively well because of massive economic rents. The ensuing political conflict spiralled out of control when several elite factions started to enlist slaves in their armies with the promise of manumission after service. The armed struggle eventually unleashed the most successful slave revolt in human history. The slave leaders switched between different military coalitions (including invading British and French forces) and cunningly exploited the fact that much of their black soldiers had acquired immunity against yellow fever, in contrast to the large armies sent out by the British and Napoleon (McNeill, 2011). The Republic of Haiti declared independence on 1 January 1804 and became the second independent country in the

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4The term buccaneer refers to pirates based in the Caribbean (Rogozinski, 1999).
5In 1665, Louis XIV claimed the western part of Hispaniola as French territory. Spain officially ceded the territory to France in the Treaty of Ryswick in 1697.
American hemisphere after the USA. European plantation owners were either expelled or killed, and most of the sugar plantations were dismantled. The new Haitian constitution, drafted by the legendary slave leader Toussaint de l’Ouverture, prohibited slavery and foreign landownership.

However, the revival of agrarian exports after more than a decade of war required economic reforms that were far from self-evident. Between 1807 and 1820, Haiti was split up over this issue into two opposing states. The northern kingdom re-established the sugar plantation system based on mandatory wage labour services. The southern republic redistributed land to independent ex-slave smallholders and ex-slave soldiers serving in its army (Brown, 2005). More than a decade of war had reduced Haiti’s population by perhaps as much as half of the pre-1791 number, and the dissolution of the French-owned sugar plantations had put vast tracts of cultivable land in the hands of the newborn state. However, political elites lacked the policing power to enforce the new peasant class to work on plantations. Upon the re-unification of Haiti in 1820 under President Boyer (1818–1843), the laws of the southern republic prevailed, which paved the way for the development of a rural subsistence economy, with a modest coffee export sector dominated by smallholders. It is this transformation from a capital-intensive plantation economy into a rural subsistence economy that made it much more complicated for incumbent political elites to extract sufficient rents to organise long-term political cohesion.

The Haitian revolution did not leave Santo Domingo unaffected. Haitian forces overran the eastern part of the island in 1801 and again in 1804. The fear that the French would use Santo Domingo as a base for the re-conquest of Haiti—as Napoleonic troops had done in 1802–1803—turned the subjugation of the Spanish colony into a security imperative. Santo Domingo was politically and demographically dominated by Creoles and mulattos and reverted to Spanish rule in 1814 after expelling the Haitians with the help of European naval support (Moya Pons, 1998). In 1822, Haitian forces again seized the eastern part of the island and established an ‘iron rule’ that lasted until 1844 (Schoenhals, 1990). Slavery was re-abolished and land was seized from the church and large landowners. The economy fell into a prolonged period of disarray. These 24 years of Haitian occupation germinated long-lasting tensions that are still tangible today.

However, the impact of the Haitian revolution was much bigger, as it affected large parts of the Atlantic world. Especially Cuban and American slave owners watched the slave revolt in their ‘backyard’ with great suspicion (Saint-Louis, 2010). According to Stinchcombe (1995), Haiti became ‘a racial symbol of powerful and rich blacks, black rulers, black generals winning wars’ (p. 247). The US government refused to recognise Haiti as a sovereign state until the 1860s, which greatly reduced its opportunities to revitalise its agrarian export sector (Lundahl, 1989; Geggus, 2001; Fatton, 2007). The treaty with the French that Boyer was forced to sign in 1825 under threat of a new French invasion compounded the international pressure on the ‘Negro state’: France would recognise Haiti as a sovereign state in return for a staggering 150 million francs of war indemnities paid in just five years. It indebted the Haitian state for decades to come. Boyer’s attempts to raise government revenue and accommodate the debt by reviving the cash crop export economy with mandatory labour services failed.

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6“Haiti”, meaning ‘mountainous land’, was the Arawak name for the island of Hispaniola.

7In the Treaty of Basel of 1795, Spain had granted the entire island to France, and the Haitian government claimed to be the rightful heir to this treaty (Stinchcombe, 1995).

8The fact that Dominican doctors were the first to provide medical assistance after the Haitian earthquake has been regarded as a hopeful sign of change in the complicated relationship between both countries.
After its liberation from Haitian occupation in 1844, securing foreign military support from Spain, Britain, France, and the USA became a primary concern for successive DR governments in the second half of the 19th and early 20th centuries. DR’s dependence on foreign military support lasted, at least until the 1930s, the moment when the DR military had become so strong that the balance of power between both countries had decidedly tilted the other way. In the remainder of this study, we will argue that the Haitian domination is crucial to understand the context in which post-independent DR elites committed themselves to more open economic policies, paving the way for foreign landownership, environmental protection, foreign investment, and a steady expansion of public services such as education, health care, and infrastructure.

4 THE REVERSAL OF FORTUNE, 1870–1930

The DR established its economic lead over Haiti during the six decades between 1870 and 1930, an era in which export-led growth improved living standards in large parts of Latin America (Thorp, 1998; Bulmer-Thomas, 2003). Rapidly increasing Latin American exports of agricultural commodities and mineral resources were driven by an increasing demand from the industrialising countries, a steady decline of ocean freight transport costs, and the increasing availability of foreign capital and technological knowledge (O’Rourke and Williamson, 1999; Taylor, 2006). The DR managed to bandwagon the ‘Golden Age’ of Atlantic economic integration by developing a competitive sugar industry. The expansion of the DR sugar industry was to a considerable extent financed by US capital and guided by the know-how of Cuban sugar planters who fled the civil war (1868–1878) in their own country (Baud, 1987). Cuban entrepreneurs were familiar with the newest technologies in cane cultivation and sugar milling and disposed of the necessary capital to set up their businesses elsewhere. Between 1875 and 1882, no less than 35 steam mills were built, and sugar came to constitute more than half of the annual export value of the DR between the late 19th and mid-20th centuries.

Haiti failed to embark on a similar path of export-led growth. Coffee was the major export commodity throughout the 19th century, but Haitian smallholders did not have access to sufficient land, capital, and know-how to expand and professionalise their businesses. Figure 1 presents sugar and coffee export volume indices for 1880–2004. It shows that sugar exports in the DR increased at an exponential rate between 1880 and 1930. In fact, sugar exports rose from 4.5 thousand metric tons in 1880, to 54 in 1900, to 93 in 1910, and to 323 in 1929. Haiti exported 30 thousand metric tons of coffee around 1900, but despite intermittent fluctuations, this quantity remained unchanged in 1929 and then started to decline. Consequently the per capita US$ value of DR exports was twice as high as Haiti’s in 1910, three times as high in 1929, four times as high in 1950, and eight times as high in the early 1970s (Mitchell, 2007).

The commercial expansion of the DR spurred the development of domestic transport and communication networks (Moya Pons, 1998: 491). Foreign investors from Cuba, Europe, and the USA built up their stakes in the sugar industry and supplied new capital for investments in railways, port facilities, and communication systems (Plant, 1987). Railway construction picked up during the 1880s and resulted in a track of ca. 180 km in 1900.

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9In the 20th century, the Dominican Republic created one of the strongest armies of Latin America, and much of the popular support for the army was fuelled by the tensed relationship with Haiti.
connecting the major cane growing areas to the coastal ports of Santo Domingo and San Pedro de Macorís. With a length of 37 km in 1900, railway construction in Haiti failed to take off (Mitchell, 2007). By the late 1920s, the per capita number of cars and telephones in use was approximately three times as high in the DR (Mitchell, 2007: Tables F6, F9). The fact that the DR was gradually growing richer also translated into social and economic investments with a long-term horizon. Table 2 shows the development of gross primary school enrolment rates per decade between 1920 and 2000. The share of children in school in the DR was double that of Haiti by 1930 and three times as high one decade later. By 1960, the DR had reached virtually complete primary school enrolment rates, while in Haiti, about half of the children had no access to education, and this remained the case throughout the 20th century.

The average primary school enrolment rates of 15 Latin American countries (Table 2, column 4) indicates that mass education was spreading faster in the DR than in most other Latin American countries. By 1930, the DR lagged behind by ca. 15 percentage points. By 1960, it had surpassed the regional average with 11 percentage points. A similar rapid increase occurred in secondary education after World War II. Between 1950 and 1960, the enrolment rates increased from 12 to 22 per cent in the DR, against a rise from 3 to 5 per cent in Haiti. Illiteracy figures illustrate the enormous impact of the divergence in educational development: in 1950, ca. 87 per cent of the Haitian youth aged 15–24 was illiterate, while in the DR, this rate had been reduced to 47 per cent and continued to decline rapidly afterwards (UNESCO, 1965). It is true that schooling quality remained extremely poor in the DR, but for understanding the divergence on Hispaniola as a long-term process, these figures tell an important part of the story (Calderón and Urquiola, 2006).

Historical accounts of the labour situation in the DR reveal that part of the fruits of growth trickled down to the lower-income classes. In 1884, the first strike of Dominican cane cutters for higher wages was recorded (Plant, 1987). In the following decades, more

Figure 1. Index series of volume of DR sugar exports and Haitian coffee exports, 1880–2004 (1900 = 100)

Source: Mitchell (2007): Tables C16 and C18
Dominicans refused to work in the cane fields because alternative jobs in agriculture were more profitable and there was abundant land available to start new farms. Immigrant labour had to be recruited from Cuba, Puerto Rico, and the Canary Islands in order to accommodate the labour shortages during the harvest season. During the US occupation of the DR (1916–1924), an increasing part of the labour reserve was supplied by landless Haitian peasants (Plant, 1987), to whom economic necessity outweighed the awful conditions of labour confinement. The fact that landless Haitian peasants were increasingly taking over the work of their Dominican counterparts followed from an increasing gap in opportunity costs. An unskilled male adult day labourer in Port-Au-Prince would earn ca. 1350 Haitian Gourdes annually around 1950, which is the equivalent of $270 (official exchange rate). Unskilled wage workers in Ciudad Trujillo (Santo Domingo) would earn approximately $440. This wage gap cannot be explained by differences in price levels. Calculating the price differential of a basic consumer basket containing rice, maize and wheat flour, meat, sugar, oil, and soap, we find that only 18 percentage points of the 63 per cent nominal wage differential can be explained by higher consumer prices in the DR, which leaves a gap in real wage income of 45 per cent.10 In view of the compositional differences of the labour force, this is probably an underestimate.

The structural change of the DR economy thus created opportunities for fiscal reforms that were impossible to realise in Haiti. In the second half of the 19th century, government budgets in both countries relied for more than four-fifths on custom revenues. The DR managed to diversify its fiscal basis and increase the share of internal taxes on property, income, and consumption as well as non-tax revenues so that the share of custom duties in total government revenue declined from ca. 80 per cent before 1914 to ca. 25–30 per cent by the end of the 1930s. Hence, whereas Rafael Trujillo ruled with average annual government revenues of ca. $45 per capita in the 1950s, François Duvalier came to power in 1957 with a budget of $8.5 per capita, and instead of expanding fiscal capacity, budgets shrank by more than 10 per cent in the 1960s to ca. $7.5.11 The fiscal reforms of the DR

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Table 2. Gross primary school enrolment rates, 1920–2000 (ages 5–14)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dominican Republic</th>
<th>Haiti</th>
<th>Average of 15 LACs</th>
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<tr>
<td>1920</td>
<td>NA</td>
<td>18</td>
<td>47</td>
</tr>
<tr>
<td>1930</td>
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<td>22</td>
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<tr>
<td>2000</td>
<td>118</td>
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<td>113</td>
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</table>

Source: Frankema, 2009a, Appendix Table A.4.1., pp. 222–223. See also Frankema, 2009b.

Note: Observations of year closest to stated year.

*The average enrolment rates for 15 Latin American and Caribbean (LAC) countries are unweighted and include Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, Trinidad and Tobago, and Uruguay.

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11Author’s calculations based on public revenue series in Mitchell (2007) and population estimates from Maddison (2010).
changed the structure of rents, widened the scope for long-term public investment programmes, and, even more fundamentally, set the pre-conditions for a social contract between the state and the society that was to materialise in the late 20th century.

5 GEOGRAPHY MATTERS

Jared Diamond (2005) has pointed out that Haiti disposes of a smaller area suitable for intensive agriculture than the DR. Haiti’s mountain slopes consist of thinner soils with a lower recovery capacity; the island’s rains are mainly coming from the east, and the major rivers are flowing eastwards, supporting higher rates of plant growth in the DR. As Haiti became the most densely populated country in the Western Hemisphere, ecological degradation and especially soil erosion as a result of deforestation took their toll. The stagnation of agricultural exports in Haiti coincided with a decline in the average size of landholdings (see Figure 1). A large part of Haiti’s increasing rates of population growth were absorbed by the rural sector. In the 1970s, over 75 per cent of the labour force was still employed in agriculture. The 1971 agrarian census reported an average holding size of 1.4 ha, while 86 per cent of Haiti’s farmland was part of a holding under 5 carreaux (6.5 ha). The size of cultivated land per worker (0.6 ha) had become the lowest in all of Latin America (Lundahl, 1979, 76). These minifundias were used for a mixture of food (corn, sorghum, and rice) and cash crop cultivation (coffee). By comparison, in the DR, the share of the agricultural labour force shrunk rapidly, from 72 per cent in 1950 to 47 per cent in 1970 to just below 20 per cent at the close of the 20th century (ILO, 1997). This allowed farm size in the DR to expand, not shrink.

Figures 2 and 3 show the comparative developments in, respectively, the average yields of cereals per hectare and the per capita production of cereals during 1961–2011. These graphs make clear how the foundation of Haiti’s economy, the food-producing subsistence...
sector, eroded during the second half of the 20th century. Whereas the DR strove for self-sufficiency in food production and adopted green revolution technologies with considerable success, in Haiti, land productivity rates stagnated around 2 tons per hectare, while cereal production per head of the population shrank by a staggering 50 per cent. Haiti’s environmental constraints compounded the problem of rural poverty and economic stagnation. However, the timing is important. The Malthusian trap opened up after the reversal of fortune had set in. Haiti’s population increased from ca. 0.4 million people in 1804, to 1.5 million in 1900, to 3.1 million in 1950, and to 8.9 million just before the earthquake (Mitchell, 2007; Moya Pons, 1998). Moreover, a lack of institutional reform illustrated the mix of apathy and incapacity with which successive governments approached the mounting Malthusian threat. The Code Napoléon, which formed the cornerstone for the constitution of the independent Republic of Haiti, stipulated that all children had equal property inheritance rights. This regulation was maintained throughout the 19th and 20th centuries. In the 19th century, it did not give rise to major problems in view of the relatively low densities of population. Increasing population pressure in the course of the 20th century, however, greatly hampered the opportunities for productivity gains in both the cash crop (coffee) and the food crop sector (Lundahl, 1979).

Diamond (2005) points out that the development of large-scale plantations initiated deforestation on the Dominican side too but that an early sense of eco-political awareness led to municipal regulations prohibiting logging and contamination of streams. Bottom-up lobbying for environmental protection led to the purchase of a first natural reserve in 1927, which was unique in the developing world at that time. Institutions that effectively prevented the destruction of forests by rural household cutting trees for fuel (charcoal) and constructions did not emerge at the other side of the border. According to Diamond (2005), therefore, the divergence was not primarily caused by environmental differences but, first and foremost, by ‘differences between the two peoples in their histories, attitudes, self-defined identity, and institutions, as well as between their recent leaders of government’ (p. 333).
6 INSTITUTIONS AND OPPORTUNITIES

Geographical differences can certainly not explain the migration decision of Cuban planters in the 1870s–1880s. Haiti had been the world’s leading sugar producer for a long time. However, the Haitian constitution prohibited foreign landownership. This law reflected the deep resentment against the former colonial plantation system. Various 19th century Haitian governments have tried to recover the plantation economy, not in the least place to increase the state revenue basis, but their attempts to introduce the codes rural, stipulating the labour obligations of peasants on large commercial farms, were successfully countered by popular resistance. Many ex-slaves preferred to set up a farm in the mountain areas where they could live outside state control, avoiding army recruiters and tax collectors (Lundahl, 1979).12 Haitians thus refused to comply with legislation forcing them to become wage workers on cash crop plantations, even though it forced later generations to work as wage slaves on DR sugar plantations instead.

Black peasant resistance against mulatto attempts to revitalise the plantation economy was used by shrewd political entrepreneurs to overthrow the incumbent government. Peasants organised as guerrillas (the cacos) attacked the propertied classes. Such agrarian revolts often unleashed a new wave of military repression and centralisation of power under newly installed leaders (Fatton, 2007). Potential mulatto investors lost interest in a rural living and started to lease out their lands to smallholders on the basis of a sharecropping agreement. Hence, by the end of the 19th century, almost all of the cultivable land was cultivated by smallholders. The inability of large landowners to secure their economic interests via the political channel was quite exceptional in the Latin American context, but it fits NWW’s logic. Political stability was recurrently jeopardised by waves of violent guerrilla attacks and military counterattacks. An environment where the majority of black peasant farmers were so openly hostile against latifundistas was not very attractive to migratory Cuban planters.

The fact that Haiti prohibited foreign investments in agriculture does not explain why Cuban planters choose to settle in the DR. In fact, investment prospects in the DR were far from optimal either. In the 14 years between the end of Spanish rule (1865) and the victory of the liberals (1879), the DR witnessed no less than 21 regime changes and endemic guerrilla warfare between liberal political forces from the North and conservative forces in the South. However, as a former Spanish colony, the DR had something to offer to Cuban sugar lords, who, after all, spoke and thought in Spanish. Cuban planters shared their cultural identity with the Creole and mulatto elites in the DR. There was no open hostility against plantation owners, and large plots of state-owned lands could be bought or leased at a reasonable price.

The liberal hold of power in the 1880s was crucial in pushing the incipient sugar industry beyond its formative stages. It opened up new lands for sugar plantations and granted concessions to foreigners for the construction of new sugar mills. Tax exemptions were granted to the producers of vital agricultural and industrial commodities, such as sugar, salt, coffee, soap, bricks, and candles. The liberal elite factions were rooted in the tobacco-growing economy of the Cibao region, where the main export connections were controlled by German merchants (i.e. political outsiders) who organised the shipment and insurance of DR tobacco to the major ports of Bremen and Hamburg. Because of

12The general disposition to legal disobedience still hampers rural development, as many peasants never cared to register their land entitlement. This complicates the formation of size-efficient farms (Rogozinski, 1999).
the decentralised structure of the tobacco trade and the year-round employment it provided, mercantile classes had little chances to monopolise part of the trade and extract rents by raising price margins (Baud, 1987).

The tobacco industry representatives resisted taxes on income or land but agreed on the use of custom duties for investments in infrastructure such as roads and port facilities, and for the development of credit institutions facilitating agrarian loans and public education (Hoetink, 1982). In the South, the rural system was dominated by large landowners, who relied on debt peonage to grow food crops, raise cattle, and produce timber. They resisted the development of an independent peasantry, but the development of the sugar industry transformed the socio-economic relationships in the South as well. Impoverished peasants were eager to sell their land and started working as wage workers in the cane fields, in the sugar mills, or in complementary service activities (Bryan, 1978).

In sum, successive Haitian and DR governments were aware of the policy reforms required to support export-led growth in the late 19th century. In both countries, such reforms were subject to serious political conflicts. In the DR, these confrontations were fought out along regional lines (North–South); in Haiti, they took the form of a class struggle between urban (mulatto) elites and the free black peasantry. However, the combination of Haiti’s domestic laws and its adverse international reputation worked against the expansion of its export sector through foreign investments. DR elites, on the other hand, were forced to look for international partners in order to secure their political and economic independence. Political opposition against foreign economic interference certainly existed in the DR, but the liberal reforms had opened windows that remained closed in Haiti.

7 HOW FOREIGN INTERVENTIONS AFFECTED THE STRUCTURE OF RENTS

New access to foreign capital during the late 19th century created new economic opportunities in the DR but also created major problems that illustrate the predatory nature of DR elites. To finance their patron–client systems, politicians overloaded the state with unsustainable levels of public debt, forcing the government in the early 1900s to sell off its main public revenue source (the customhouses) to the US government in 1905, the largest creditor of the DR state. The fiscal annexation of the DR would last for more than 40 years, until Trujillo paid off the last portion of debt in 1947 and resumed control over the customhouses (Munro, 1964). Between 1916 and 1924, the USA further enlarged its grip on the DR by a military intervention. The occupation was a direct response to wartime conditions. With the opening of the Panama Canal in 1914, Hispaniola had gained strategic importance. Enduring political instability in the DR, with no less than 14 regime changes since 1899, was against US interests in a time of war.

Although the military occupation was highly unpopular, it proved to be a blessing in disguise for the sustainability of DR’s incipient economic development (Calder, 1984). One of the reasons is that US control over the DR’s customhouses changed the structure of rents that could be captured by local political elites. The military government restored the fiscal balance and re-established that minimum level of political stability needed to secure business interests and protect foreign and domestic investments. The chronic shortage of seasonal labour was relieved by a programme allowing the temporary migration of Haitian peons to work in the cane fields (Plant, 1987). Investments in public works were scaled up. With the completion of a national network of highways, a permanent
transport connection between the North and South was established, which was a major step forward in the political unification of the DR.

Moreover, the military government carried out a strict programme of civilian disarming, thereby reducing the future power of local guerrilla movements. The new national army built up under US supervision was granted the exclusive monopoly on the use of force (Calder, 1984). The army monopoly on violence was later exploited by Trujillo to solidify his position. The years following the occupation were characterised by growing prosperity and political freedom. For the first time, a new DR government was installed via free and fair elections. Horacio Vásquez (1924–1930) guaranteed press freedom and the control of the army by the civil administration. While the world economy recovered from the First World War and DR’s export revenues surged, Vásquez continued the investment programmes in infrastructure, education, and health care. It was short lived, as Trujillo ruthlessly restored authoritarian rule in the country in the 1930s, but the political–economic context (the army, the tax base, public investments, and US control) had, by then, changed fundamentally.

For the occupation of Haiti, the USA had almost identical motives: prevent German occupation of the island, restore political order, and enforce delayed payments to US moneylenders (Schmidt, 1995). The occupation of Haiti lasted longer, however, from 1915 to 1934. As they did in the DR, the Americans immediately set out to break the destabilising power of the cacos by training a national army (the Garde d’Haiti) and developing local infrastructure to consolidate army control. However, the US intervention achieved far less of its objectives in Haiti than in the DR. There were two major reasons for this difference. First, US forces found popular resistance much more difficult to handle and, second, the available financial resources to invest in Haiti were lacking, and possible surpluses were less easy to tap. Given the lack of domestic investment capital in Haiti, the Americans introduced a labour corvée system to construct roads, which revived the memories of slavery and racial discrimination, especially when some US officers started to abuse the system for other purposes. An early uprising against the forced labour system was put down by US marines, but guerrilla warfare continued unabated (Bellegarde-Smith, 1990). The corvée system was abolished in 1918 because it generated too much hostility. Agrarian reforms, including the introduction of new agrarian technologies and the reorganisation of the public education system, also stayed put because public funds had to be channelled towards Haiti’s debt redemption.

In order to pave the way for foreign investors, the Americans drafted a new constitution in 1918, removing the clause that prohibited foreign landownership. In addition, a 1922 law authorised the ‘leasing of unoccupied lands’ for longer periods (Lundahl, 1979, 266). These measures did not generate the expected large-scale investments, however. When the US forces withdrew in 1934, only two large American-owned enterprises were operational: the HASCO (sugar) and the Dauphin Plantation (sisal) (Pettigrew, 1958). The American endorsement of large-scale plantations led to opposition among peasants, especially after the expulsion of peasants from their lands. The bloody 1929 uprisings worried President Hoover so much that he initiated a scheduled withdrawal to save the reputation of the US army. The Haitian development programme, intended as a long-term venture, was among the first elements to be sacrificed.

The gravest miscalculations on the American side (which bear close resemblances to recent experiences in Iraq and Afghanistan) pertained to the particular socio-ethnic garment of Haitian society: the marines brought a strong racial prejudice to Haiti, according to which all Haitians were black, illiterate peasants and inferior to the white race (Lundahl, 1979, 466). This attitude violated the distinction that the members of the light-skinned Haitian elite themselves made.
between the black peasants and their own kind and thus incited antagonism among the mulattos who had initially welcomed US intervention. The exhibited racism thwarted the agricultural education project, which relied on support from the Haitian elite. The Americans disdained the traditional Haitian school system with its emphasis on literature and classical studies according to French model; reform plans suggested by the native Minister of Education were ignored. The American belief that the Haitian peasant would benefit more from agricultural and vocational education provoked resistance from the Haitian authorities who resented American arrogance. Thus, the US occupation failed to induce change in the Haitian education system that kept perpetuating the overt class divisions between the governing elites and the illiterate peasants. Moreover, the US intervention did not bring about fundamental changes in the malicious political–economic equilibrium that could bring a future dictator in a position to successfully reform the Haitian economy.

8 TWO STRANDS OF DICTATORIAL RULE, 1930–1986

US efforts to export ‘democracy’ to other places in the world have a long history, with varying rates of success. Within a few years after the departure of the US marines, dictatorial rule was restored in Haiti and the DR. In both countries, dictators emerged who managed to consolidate power for a long time (Trujillo in the DR, 1930–1961; the Duvalier dynasty, 1950–1986). However, there were clear differences in the way these dictators organised their political support.

In just a couple of years after his coup d’état in 1930, Trujillo created a de facto monopoly on political power, which he retained for more than 30 years until his assassination in 1961. His economic policy focused on agricultural self-sufficiency and rapid industrialisation through import substitution. Trujillo’s economic management intertwined economic growth with elite predation. He passed numerous laws granting monopoly rights to enterprises or even entire sectors in which he built up his personal stakes. A large number of companies were bought up with public money or via dubious fiscal constructions. Trujillo became the national captain of industry, owning all sorts of industries, ranging from cement, paper, glass, and nails to medicines, liquors, textiles, and, of course, sugar. He also controlled the financial sector (Crassweller, 1966; de Galíndez, 1973).

However, Trujillo’s self-enrichment went hand in hand with real structural change (Crassweller, 1966; de Galíndez, 1973). Vast tracts of unopened state land were allocated to landless farmers and brought under cultivation. Turits (2003) shows how Trujillo negotiated the opposing economic interests of various stakeholders in his policies of land redistribution, where he managed to simultaneously satisfy the demands of the big sugar companies and the peasantry, as well as safeguarding the interests of the US government and his domestic political clientele. The agrarian sector achieved self-sufficiency in major staple crops like rice, corn, and beans by 1950. Agrarian growth reinforced industrial expansion. Between 1938 and 1960, the number of manufacturing establishments almost doubled, while industrial sales grew by a factor of 12, capital investments by a factor of 9, raw materials input by a factor of 14, and the expenses on fuel and lubricants even by a factor of 22 (Moya Pons, 1998).

At the same time, Trujillo employed death squads to remove political opponents and initiated a massacre of thousands of Haitian migrant workers. The US government tolerated Trujillo’s systematic violations of human rights because he was a proclaimed anti-communist, until his kleptocratic style of government became obsessive in the 1950s.
His nationalisation programmes started to choke off economic growth, and attempts to expropriate the large American-owned sugar businesses in the DR were a clear sign that he had lost sense of (international) political reality.\(^\text{13}\)

The Trujillo dictatorship shows, in line with the legacies of dictators like Pinochet (Chile) and Suharto (Indonesia), that rapid economic progress is not necessarily bound to concur with widening political access. In fact, under Trujillo, political access became more restricted than ever. It was his commitment to economic growth backed up by a sufficiently favourable structure of rents that created sufficiently secure conditions for long-term investments. Trujillo’s monopoly on the use of violence, as former chief of the national army, was the key to contain political opposition, while investments in education, infrastructure, and health care and his balancing of agrarian versus urban interests gave him popular support. Although his economic policies eventually hampered sustained economic development, there was a minimum basis for subsequent regimes to restore economic and political competition, which remained absent in Haiti.

After Trujillo’s death, political exiles returned to the DR supporting the democratisation movement. Between 1961 and 1978, Neo-Trujilloist politicians (primarily Joaquín Balaguer) gave way to a mounting popular demand for political emancipation, supported by an increasing number of depoliticised public and private organisations (Moya Pons, 1998). By the 1970s, a politically conscious urban middle class of intellectuals, artists, merchants, entrepreneurs, lawyers, and doctors had gained sufficient influence to tilt the balance. The number of university students had increased from about 300 in 1930 to 4.000 in 1961 and 45.000 in 1977 (Mitchell, 2007). The diffusion of telephones, radios, and motor vehicles in an emerging urban consumer society facilitated the spread of news and press reports and the organisation of mass protests. The attitude of the USA had also changed into active support for the democratisation process in the DR.

The Duvaliers (1957–1986) were not in the position to replicate Trujillo’s dual trajectory of expansion and predation, if they had wanted to in the first place. Despite the promises of François Duvalier to establish a fundamental break with a long history of economic stagnation, political oppression, and social inequality, the Haitian peasantry was soon deprived of its illusions. Proposed reforms of the agrarian sector and the education system simply did not receive a consistent political commitment. Trade unions were prohibited. The village school system, which the Americans had tried to reform, reverted to traditional patterns that, as Lundahl (1979) argues, constituted ‘one of the main instruments whereby the governing cliques dominate the peasants’ (p. 26). Hence, whereas entrepreneurs in the DR were able to draw from an increasing supply of educated employees, thanks in part to Trujillo’s investment programmes, Haitian elites stuck to the opposite strategy: avoid the rise of an educated middle class. The two American companies in Haiti, HASCO (sugar) and the Dauphin Plantation (sisal), that established a relatively successful business during the occupation years were only able to survive because they were allowed to function as a state within a state. They set up their own villages for their workers, their own schools, and their own sport accommodations and also initiated the development of local infrastructure, while struggling with an impermeable system of land property rights (Pettigrew, 1958).

\(^{13}\)In the final years of his rule, Trujillo was confronted by an invasion of Dominican exiles and economic sanctions from the OAS (the Organization of American States) in response to his shameless attempt to murder Betancourt, the president of Venezuela. As the DR balance of payments worsened and many of his associates started to transfer their funds to foreign banks in fear of his downfall, Trujillo had to resort to the International Monetary Fund for debt assistance. He was eventually assassinated by an alleged Central Intelligence Agency–directed conspiracy in May 1961 (Moya Pons, 1998).
A second contrast with Trujillo’s rule was the effective dismantling of the US-trained Garde d’Haiti after François Duvalier (Papa Doc) assumed power. The American cooptation of the mulatto minority during the occupation had reinforced racial tensions in Haitian society, and Duvalier’s power was to a considerable degree based on playing upon these popular sentiments. His candidature was supported by the négritude movement, an urban-based mob of black Haitians, from which he recruited his personal terror gangs, the infamous Tonton Macoutes. By dismantling the national army, Duvalier quickly destroyed the chances at the creation of a stable violence monopoly (Ferguson, 1988). These gangs operated on a strictly personal basis and were directly tied to the central leadership by a cult of fear, but they were hard to dismantle without a strong national army.

Duvalier’s initial good relations with the Americans resulted in renewed aid assistance and widened access to foreign loans, but the USA became increasingly alarmed over human right violations and his ambivalent attitude towards communist propaganda. After all, Duvalier ruled Haiti during the heydays of the Cold War and the Cuba crises. Duvalier was pre-occupied with maintaining his personal position and, from time to time, survived attacks on his life and that of his family. He evolved into the prototype of a whimsical dictator. In this light, it is no surprise that his government failed to channel part of the available aid into cheap rural credit programmes for farmers, or to devise fiscal measures in support of commercial agriculture. There was no scope for a long-term political horizon, as the state’s revenue basis kept eroding: the rising population pressure and ecological degradation put increasing strains on the production of subsistence commodities (Lundahl, 1989). The agrarian crises that unfolded required a type of coordinated and collective action for which no fiscal institutional structures were in place.

Jean-Claude Duvalier (1971–1986, Baby Doc) was incapable of preventing the full collapse of the Haitian sugar and sisal businesses under pressure of falling world market prices. Haiti became a net importer of sugar in the 1980s. By showing off their conspicuous consumption to the poverty-stricken masses, he and his wife Michèle came to symbolise the predatory state—a state which had lost every bit of legitimacy in the eyes of the people whose interests it was supposed to defend (Ferguson, 1988). One author almost exactly put it in terms of NWW’s typology of the fragile natural state: ‘for the past thirty years, the country’s problems have been compounded; the economy is in a permanent state of degradation, the political system is marked by the absence of any functioning institutions, the already weak sense of the public good is vanishing, class divisions have become obscenely inordinate, and poverty has deepened to an alarming degree […] Finally, the absence of legitimate central authority has contributed to the parceling of violence and the proliferation of armed gangs with ever shifting alliances’ (Fatton, 2007).

9 CONCLUSION

In his classic study The Haitian People, James Leyburn (1966) argued that ‘If ever a country had an opportunity to start absolutely fresh in choosing its own social institutions, Haiti had that opportunity in 1804. Free at last, with no traditions to uphold, the first independent Negro state in the world, owing allegiance to no man or nation […] All paths were open to them’. We firmly disagree with this statement. As NWW have pointed out, the ‘choice of social institutions’ is constrained by the internal logic of an LAO. With the end of the slave revolt in 1804, the new Haitian leaders sought to consolidate their power by increasing state revenue via the recovery of the plantation economy, but the majority of
ex-slaves effectively resisted such attempts. The state lost this battle because it had little opportunities to mobilise the resources needed to impose reform laws and to reintroduce coercive policies. The mountain areas proved a perfect breeding ground for guerrilla groups jeopardising the establishment of a violence monopoly by the state. According to Fatton (2007), the skewed relationship between state and society ‘engendered a generalized indiscipline that incited governments to rule with brutal coercion and people to resist by inventing new means of fugitive conduct’.

Due to a lack of rent extraction possibilities, the system of political patronage was never able to support large groups of clients. Hence, political power remained difficult to consolidate, and the conditions for securing growth-enhancing public and private institutions remained weak. That this vicious circle proved hard to break was also due to Haiti’s specific embedding in the international politics of the Atlantic world. For the newborn ‘Negro republic’, it was hard to become recognised as a sovereign nation state, it was difficult to form strategic alliances, to get access to foreign loans, and to safeguard trade interests, and it was overloaded with debt under threat of external violence (the French indemnity). Self-chosen isolation, for instance by prohibiting foreign landownership, further reduced the choice set of successive Haitian administrations. When opportunities for export-led growth opened up in the late 19th century, the odds were stacked against Haiti.

Sustained economic growth and structural change in the DR was of course not the inevitable result of Haitian underdevelopment, but it helped to raise popular support in favour of a distinctively different economic strategy. The specific island geography created a mirror image in which Haitian society was reflected as ‘anti-modern’, ‘stagnant’, ‘illiterate’, and ‘irrational’. The DR benefitted from this image in maintaining international relations. The Cuban civil war generated an unexpected inflow of foreign capital and technological knowledge; when recurrent political instability threatened to undermine the incipient export industry, US strategic interests during the First World War helped to restore political order, curb the monetary crises, complete the unification of the country, and contain guerrilla violence by monopolising military power. Trujillo exploited these conditions and laid mainly unintentionally an important foundation for the ascendance of a politically conscious middle class after his demise. At the same time, Trujillo put his economic growth achievement at stake in the last years of his dictatorial reign. However, in the years after his death, a substantial group of intellectuals, exiles, and urban professionals was able to prevent retrogression. The post-1970 consolidation of the twin process of democratisation and economic growth was not pre-determined by history, but it was more likely to happen in the DR than in Haiti from the 1870s onwards, which implies neither that these gains are secured nor that Haiti is destined to mire in poverty forever. Fortunes can reverse.

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