

Gold Rush in Haiti!

Who will get rich?



Newmont Mining gold exploration in northern Haiti, photo Ben Depp

By Haiti
Grassroots
Watch

May 31, 2012

Haiti might be “poorest country in the Americas,” but it is also sitting on a gold mine. New Prime Minister Laurent Lamothe says he’s banking on the wealth in Haiti’s northern mountains to lift the country out of poverty, but if history is any guide, the mining of gold, silver and copper hidden in the hills will mostly benefit foreign shareholders as it scars and pollutes an already denuded and fragile landscape.

While a handful of farmers earn \$5 a day building mining roads, and while journalists talk up one or two drilling sites, quietly and carefully a Canadian company, Eurasian Minerals, has been buying up licenses – 53, to be exact – and cutting backroom deals, perhaps with the assistance of a high-ranking former minister now on the payroll.

The deals are so good for the mining companies, and so bad for Haiti, that the head of Haiti’s state mining agency recently denounced them in an exclusive interview with Haiti Grassroots Watch (HGW), calling on his government to either right the wrongs or “leave the minerals underground and let future generations exploit them.”

“Mines are part of the public property of the state; they are for the population,” said geologist Dieuseul Anglade, who was then head of the Bureau of Mines and Energy (BME). “They aren’t the property of the people in power, or even the landowner.”

Eurasian and Newmont Mining, its partner and the world’s Number 2 gold producer, are also drilling illegally in one area – La Miel, in the northeast – in collusion with certain government officials.

Haitian law differs from many other countries. It is more bureaucratic, but it also insures a modicum of protection up front. In order to drill – even for exploration – companies must get a mining convention signed by the prime minister and all the ministers. This convention sets the terms for any eventual mine.

Eurasian and Newmont are currently waiting for final approval of a new convention that covers a huge amount of territory – about 1,350 square kilometers of land. But the convention has not yet been signed, partly because for most of the past 12 months, Haiti has been without a prime minister.

“We are ready to drill,” Newmont’s Daven Mashburn said about the La Miel region in late 2011. “Because the government of Haiti doesn’t really care... we can’t advance our licenses, and that means people can’t get jobs.”

But the new government does care. Not long after that interview, the licenses did advance, although not in a legal manner.

“The government gave them a kind of ‘waiver’ while they are waiting for the convention to be signed,” explained Ronald Baudin, Haiti’s former Finance Minister (2009-2011, prior to that he was Director General of the ministry), who oversaw negotiations with Eurasian while serving in the powerful position. “The government is conscious of what damage they are doing to the company. They have camps all over the country, with important logistics, and they are blocked because the convention can’t be signed.”

Baudin, who left office when the new government of President Michel Martelly took over in 2011, is now a paid consultant to the Eurasian-Newmont partnership – called “Newmont Ventures.”

But a Memorandum of Understanding (MOU) cannot trump the law. There’s no such thing as a “waiver” to legislation. “There is what is called a ‘hierarchy of law’ and according to the hierarchy, an MOU is weaker than a law,” Haitian attorney Patrice Florvilus explained. “An MOU cannot annul a law. It cannot allow something which a law does not allow.”

The head of the state mining agency – the BME – did not sign the MOU, nor did his office even receive a copy, according to a source inside the BME. “I didn’t agree with it for the sole and simple reason that if the law says you can’t do something, you can’t do it!” Anglade explained in an interview on May 24, 2012.

One of the first official acts of the new Lamothe government was to remove Anglade from his post, perhaps in part because he refused to sign the MOU. Anglade, 62, had worked at the BME

for almost 30 years and had been its director for most of the last 20. He has a reputation for being honest.

Despite Anglade's refusal, the MOU was signed by the then-ministers of Finance and of Public Works in late March, and Eurasian happily reported to its shareholders on Apr. 23 that "[t]he joint venture is allowed to drill on certain selected projects under the MOU, and drilling is currently underway."

Eurasian and Newmont know the law and, according to a May 25 correspondence with HGW, appear to believe Anglade signed the document. But he didn't.

Anglade also disagrees with a mega-mining convention that will likely be signed soon. After three months of waiting, Haiti finally recently got a new prime minister, Laurent Lamothe, who has pledged to make the country's laws more business-friendly.

According to Anglade, the final version of the convention – which he rejected in a formal letter to then-President René Préval and then-Finance Minister Baudin – is much weaker than Haiti's two, smaller existing mining conventions (for 50 square kilometers each) because key protective clauses have been removed.

Article 26.5 – in previous conventions – set a cap on the expenses a company can claim at 60% of revenues. Now it is gone, according to the former BME chief. "That means, the company can claim expenses up to 90% !" Anglade said.

A second clause was also removed, he said. Article 26.4 assured profits are split 50-50 between the mining company and the government.

"During two years of negotiations, my position was clear," said the 62-year-old, who has been a public servant his entire life and who also teaches math at Haiti's State University. "The BME did not agree to taking those two things out. That happened at the cabinet level, at the Finance Ministry... They had meetings and they took them out, but we didn't agree. It was a minister who took them out: Ronald Baudin."

Asked about the convention, Baudin said he could not speak about the details. But, he claimed, "today we have a text that has received the consensus of the company, the BME, and the ministers of Public Works and Finances."

Not according to Anglade. "There is nothing in the world that would make me take those articles out," he said.

Public Works Minister Jacques Rousseau was Anglade's superior. His ministry oversees the BME and has the pending convention. Rousseau has refused *five* requests for an interview; therefore the absence of the protective articles in the document cannot be confirmed. Still, Anglade swears that the measures are missing. Meanwhile, the illegal MOU is public, and Baudin is openly on Newmont's payroll.

“I want the nation to be clear,” Anglade explained when still in his post. “We here at the BME are not responsible for all the things that give the company an advantage.”

When Baudin was asked about the potential conflict of interest of having served as Finance Minister and then immediately afterward becoming a consultant to Newmont, he did not flinch.

“I know that in other countries when you finish in public service, there is a period of time during which you do not have the right to work in the private sector, but in that case, you get compensation,” Baudin said. “We don’t have that legislation. I have not received one gourde [about 2 US pennies] since I left, and I have to eat, right? I have to clothe myself.”

What’s in Haiti’s hills?

Why would Newmont, Eurasian, and others wait for years to get a convention signed and break Haitian law with an MOU? If geologists’ calculations are correct, Haiti’s northern mountains contain hundreds of millions of ounces of gold. With gold prices currently topping \$1,600 an ounce, one estimate puts the eventual take at \$20 billion.

The Pueblo Viejo mine, just across the Dominican border in the same “mineralization belt” that runs across the island, has the largest gold reserve in the Americas. It has already produced 5.5 million ounces of gold and contains at least another 23.7 million. It’s also rich in silver: 25.2 million ounces already mined and another 141.8 million to go.

With Haiti’s apparently vast reserves (and weak government), it is no wonder mining behemoth Newmont partnered with Eurasian, which is headed by a former Newmont executive. Eurasian, via its local partner Marien Mining, controls various kinds of licenses for one-tenth of Haiti’s territory, more than any other company.

A small Haitian-American mining venture – VCS and its local partner Delta Mining – has or until very recently, controlled, licenses for over 300 square kilometers in the north; Canadian explorer Majescor and its Haitian partners are sitting on licenses for another 450 square kilometers. Taken together, foreign companies are sitting on research or exploration permits for one-third of Haiti’s three northern departments, 15% of the country’s territory.

Majescor is ahead of its rivals, having recently moved to the “exploitation” phase for one of its licenses. But VCS and Newmont/Eurasian are close on its heels. All of the companies recognize Haiti’s potential. “Haiti is the sleeping giant of the Caribbean!” a Majescor partner said recently, while Eurasian president David Cole boasted on a radio show: “We control over 1,100 square miles of real estate.”

An investor who calls himself a “mercenary geologist” wrote: “It is obvious there is substantial geopolitical risk in Haiti. But the geology is just so damn good.”

The geology is good. One small Eurasian site alone – the Grand Bois deposit – appears to contain at least 339,000 ounces of gold (worth about US\$5.4 billion at today’s prices) and 2.3 billion ounces of silver. But the geology is not cheap.

Pit mines on the horizon

Because in most locations the copper, silver, and gold deposits are spread out as tiny specks in the dirt and rock – what is sometimes called “invisible gold” – expensive and destructive pit mining will often be the only option, but Eurasian’s partner Newmont knows its pits. The gold giant opened the world’s first pit mine in Nevada in 1962 and later dug in Ghana, New Zealand, Indonesia, and other countries.

In Peru, Newmont runs the 251-square kilometer Yanacocha open pit mine, one of the world’s largest. Not long ago, Newmont was accused of influence peddling there when it was linked to former Peruvian spymaster Vladimiro Montesinos. After allegedly assisting Newmont negotiate favorable terms, a former U.S. State Department employee ended up on the Newmont payroll. The company was also accused of mercury and cyanide spills.

Undaunted, Newmont recently embarked on an effort to open a second mega-mine nearby – called the Minas Conga – but so far, farmers, environmentalists, and local authorities have fought back with massive protests and in the courts. Last month, a government-hired panel of European experts, tasked with studying the plans, told Newmont it would not be allowed to drain two high Andes lakes for the new mine.

As of May 29, Newmont had yet not decided on its course of action, but an Apr. 27 Associated Press story quoted Newmont’s Richard O’Brien as saying “if the \$4.8 billion project cannot be developed ‘in a safe, socially and environmentally responsible manner’ while also earning shareholders ‘an acceptable return’ Newmont will ‘reallocate that capital to other development projects in our portfolio’.”

Newmont has had problems in other countries too, more recently Ghana. The “Ahafo South” mine is located in a farming region known as Ghana’s “breadbasket.” So far, it has displaced about 9,500 people, 95% of whom were subsistence farmers, according to the Environmental News Service.

In addition to forcing farmers from the land, Newmont poisoned local water supplies at least once, by its own admission. In 2010, the company agreed to pay US\$5 million compensation to the government for a 2009 cyanide spill that killed fish and polluted drinking water. Newmont conceded proper procedures were not followed, and that its staff also failed to properly notify Ghanaian government authorities.

While welcoming the possible benefits well-built and -supervised mines might bring to Haiti, Anglade and other Haitian experts are worried that a pit mine, which would use cyanide to recuperate gold from ore and dirt, could be dangerous to Haiti’s already fragile environment.

In the neighboring Dominican Republic, a government-controlled gold mine caused so much contamination that the region’s rivers still run red as rain releases metals from the ore left lying exposed.

“Mines can cause big problems for the environment,” Haiti’s former Environment Minister Yves-Andre Wainwright noted in a recent interview.

While serving in the mid-nineties, Wainwright signed both of the existing mining conventions. An agronomist by training, he noted that, in addition to his heavy metal worries, some of the areas under license are “humid mountains,” meaning they play “an important biodiversity role and need to be protected, starting in the prospecting phase.” The hills are also home to tens of thousands of farming families. But no Environment Ministry personnel has been seen at mine sites, according to Haitian community radio journalists.

Finally, what concerns Wainwright, as well as Anglade and other observers, is the likely incapacity of Haiti’s “weak state” to control the mining companies and the potential environmental damage. “We have competent staff at the Mining Bureau, but they don’t have the means to carry out their jobs,” Wainwright said. “All the money that comes in from the sand mines, and other mines, goes straight to the Finance Ministry. Therefore, even though it is a sector that makes money, the BME is impoverished.”

Wainwright’s assessment appears correct. An audit of BME vehicles shared in January showed that of 17 vehicles, only five were in working condition. Twelve were out of service. With a budget of about \$1 million, the BME is also strapped for human resources. Only one-quarter of the 100 employees have university degrees. Another 13% are “technicians.” The rest are secretarial and “support” staff.

“The government doesn’t give us the means we need to be able to supervise the companies,” Anglade confirmed in an interview while still head of the BME. “Most of our budget goes to salaries. We don’t really have an operating budget.”

The World Bank’s private sector investment arm – the International Finance Corporation – has invested \$5 million in Eurasian’s Haiti explorations. The bank says Eurasian and Newmont have good track records, but it also knows about mining’s potential negative impacts. Bank representatives said they recognize the challenges facing Haiti’s government and other “weak states.”

“Often the host country government doesn’t have a lot of capacity, especially on the environmental and social aspects,” Tom Butler, IFC’s global head for mining, explained. “[But] one thing we don’t do is get into telling the government what to do with the money it receives.”

Haiti coming in last in the “royalties race”

How much money will come in, and when? Recent articles have cited all kinds of promising figures, but they leave out the fine print regarding the existing conventions, and do not even mention the pending convention.

Also, no matter how good the convention, aside from the up-front fees, any eventual mine would likely not start paying revenues – taxes and royalties – until five or even ten years down the road, because that’s how long it takes to build a pit mine, and because companies are allowed to depreciate their equipment first, delaying the move from being “in the red” to “in the black.”

Newmont's Daven Mashburn confirmed that "it could easily be a decade. It usually takes a decade to get these things going."

"It's likely that a big mining company may declare losses year on year, even for ten years, if cost deductions are too generous and there is little control," mining tax and royalties expert Claire Kumar confirmed in a recent interview with HGW. "We see this happen all the time."

A Christian Aid researcher who authored the 38-page report *Undermining the Poor – Mineral Taxation Reforms in Latin America* in 2009, Kumar said Haiti's two small existing (and about to be supplanted) conventions sound good, since they promise a 50-50 split of profits and put a cap on expenses.

What's not so good, Kumar noted, is Haiti's royalty rate – 2.5%. According to Kumar and to a recent news reports, the rate is one of the hemisphere's lowest. "A 2.5% royalty share is really low," Kumar confirmed. "Anything under 5% is just really ludicrous for a country like Haiti. You shouldn't even consider it. For a country with a weak state, the royalty is the safest place to get your money. There is room for manipulation by the company, but it's not as big as you would think."

Haiti's royalty rate has yet to catch up with what mining investors lament as a "royalties race" and "resource nationalism." In its annual *Business Risks Facing Mining and Metals* report released last August, accounting and investing firm Ernst & Young put "resource nationalism" at the "top of the business risk list." The agency said that in late 2010 and in 2011, it counted 25 countries that had or were threatening to hike royalty rates.

Many of those raising gold rates recently are in Latin America. Ecuador now charges between 5 and 8%, Peru can get up to 12%, and Brazil is threatening to raise its rate also. Last August, Venezuela went a step further and nationalized its gold mining industry.

Writing about "resource nationalism" in March, Reuters concluded "[it] has left mining companies few options other than to venture into ever more politically risky territory, including restive parts of Africa"... or Haiti.

But with a royalty rate of 2.5%, a 10,000-soldier strong UN blue helmet force stationed throughout the country, and indications that new mining conventions will be more advantageous to foreign companies, the risks there are likely lower than in recent decades.

Indeed, Majescor CEO Dan Hachey applauded the 2011 election of President Martelly, saying, "Martelly has stated that [Haiti] is open for business. We've seen a lot of change since he's been elected."

The revolving door that landed ex-Finance Minister Ronald Baudin on the Newmont team might be one reason for the change. While still in power, he agreed to deals like a cost-free, 50-year lease of land to a French company in the north.

"We didn't rent it – we made it available to them," Baudin said. "Because, when there is something that is good for the economy, the government has the obligation to encourage it."

Haiti's new prime minister – Laurent Lamothe – is also very pro-business. A telecommunications and real estate entrepreneur with companies in Africa and Latin America, he has pledged to push through business-friendly legislation in all sectors, including mining.

“Information on our national reserves indicate that our land is rich in minerals and that now is the right time to exploit them,” Lamothe said in his policy speech before the Senate on May 8.

Lamothe also promised to change mining law. In a recent interview with the Associated Press, Lamothe pledged the new law would assure “the right portion comes to the state” and that it also protects the environment and local communities. But, he hedged, the new legislation would do so “[a]s much as possible without hampering also the revenue of the party, allowing them to do business.”

Even before Lamothe took office, Anglade told HGW he is aware of the move to change the existing law. “I should tell you that the companies are doing all kinds of lobbying to get the law changed so that it gives them more advantages,” he said. “But they have too many advantages already!”

Can a government whose motto is “Haiti is open for business” and which is staking its bets on assembly factories and a \$5-a-day minimum wage (the lowest in the hemisphere) be trusted to protect the country's interests?

Mining giants have consistently managed to negotiate highly profitable contracts even when going up against much stronger states. What guarantee do Haitians have that pro-business Lamothe will negotiate a better deal than governments in Peru, Ghana, or other poor countries?

The potential for mining revenue and even some low-paying jobs sounds good to many in Haiti, where most people have to survive on less than \$2 a day and where un- and under-employment tops 66%. But is mining the answer to Haiti's woes?

For Laurent Bonsant, a Canadian mining contractor working for Newmont Ventures in the north, the answer is “yes.”

“The one thing this country needs is something to export,” he said as he supervised a site where a team was drilling 24 hours a day for core samples 330 meters down. “They got nothing. If mining can do any good, it will do good here.”

But Haiti has several exports, and more importantly, in the past, mining has not done much “good.”

In recent decades, foreign companies mined bauxite and copper. Tens of thousands of families lost their land, thousands of hectares were deforested, and in some cases, land was poisoned. [See appendix below: *Haiti's Grim History of Being “Open for Business”*.]

Professor Alex Dupuy, Chair of African American Studies and John E. Andrus Professor of Sociology at Wesleyan University, is highly skeptical that the new ventures will produce results

much different than their predecessors. Even though Haiti is no longer controlled by a dictatorship as ruthless and corrupt as that of the Duvaliers, there is little transparency, and no apparent means of auditing or controlling local and foreign investors.

“I think the same thing is going to happen,” said Dupuy, author of *Haiti in the World Economy – Class, Race and Underdevelopment*, in a telephone interview with HGW. “The mining industry doesn’t employ a lot of people, and the local ones it will employ will be unskilled labor. The cadres will come from overseas because usually these companies come with their own technology.”

“As in the past, they will expropriate peasants’ land. So, it will be the same thing, all over again. The contracts being signed will be what the foreign company wants, not necessarily what is in the best interests of the country, even if they present it to the public as something that is good for the country.”

Guatemala – a country socially, economically and politically similar to Haiti – thought mining could “do good” there, too, and let Goldcorp open the Marlin Mine. But in 2010, the Inter-American Commission on Human Rights called on the government to shut it down temporarily due to health, environment, and human rights risks. A 2011 report by mining experts associated with Tufts University recommended that Guatemala significantly change the rules of the game: demand higher royalties and other revenues, assure better environmental protection and cleanup, and guarantee some monies reached host communities.

“Without good governance and productive investment, the local legacy of the Marlin mine could well be ecological devastation and impoverishment,” the authors wrote.

Anglade is worried something similar could happen in Haiti, where government control is virtually nil. For example, although it is illegal to cut down trees, freshly sawn wood is stacked for sale in marketplaces all over the country. Today Haiti’s tree cover is just 1.5%.

Up north, many of the farmers who might have benefitted by leasing their land to mining companies sold out long ago to savvy land sharks and businessmen associated with previous mining ventures in Grand Bois, a Eurasian site. Over a dozen families now farm land they no longer own.

Anglade remembers well. “When I heard that was happening, I went up there myself, to tell people not to sell, because there was gold in the land,” he said. “But they sold.”

Today, the poor families who still farm those lands as tenants, and hundreds of their neighbors, are worried about pollution and about being kicked off their plots. Last year, over 200 families were ousted from a nearby fertile plain to make way for a new free trade zone which the Martelly government inaugurated.

In one region, Newmont has done some “social works,” according to Anglade. The company built a small bridge, a road for its all-terrain vehicles, and paid some school tuitions. Farmers are still nervous.

“They say the company will need to use the river water for 20 years, and that all the water will be polluted,” worried farmer and peasant organizer Elsie Florestan, who lives near the Grand Bois site. “They say we won’t be able to stay here.”

“The small group of people who’ve gotten jobs are in favor of mining, but that’s 50 people!” added the 41-year-old, a member of Haiti’s *Tèt Kole Ti Peyizan* (‘Small Peasants Working Together’) peasant movement. “If we don’t organize and make some noise, we’ll be completely pushed aside,” she warned.

Florestan and other farmers have been watching mining crews take tens of thousands of samples from every hill and dale for years, all across the north.

“They don’t even ask you who owns what land,” noted peasant organizer Arnolt Jean, who lives in Lakwèv, near the Dominican border. “They come, they take big chunks and put them in their knapsacks, and they leave. All of us are just watching. We need a government that controls what is going on, because we don’t have the capacity to do that.”

In his community, people have been panning for gold and digging their own tunnels for generations. A day’s or week’s work might result in nothing, but it might also bring up to \$50 worth of gold, although Dominican buyers usually pay only about half market price. Still, with most families too poor to even send all their children to school, many take to the hillsides with picks and shovels and to the rivers with pans once they have planted their crops. The landscape is pitted with holes. The rivers run brown with mud.

“Our country is poor, but what is underground could make us not poor any more,” Arnolt said. “But since our wealth remains underground, it’s the rich who come with their fancy equipment to dig it out. The people who live on top the land stay poor, while the rich get even richer.”

This investigation was produced in partnership with Haiti Liberté. It was made possible in part by a grant from the Pulitzer Center on Crisis Reporting.

Haiti Grassroots Watch – <http://www.haitigrassrootswatch.org> – is a partnership of AlterPresse, the Society of the Animation of Social Communication (SAKS), the Network of Women Community Radio Broadcasters (REFRAKA), community radio stations from the Association of Haitian Community Media and students from the Journalism Laboratory at the State University of Haiti.

For accompanying photos and maps, go to the original posting of this article on Haiti Grassroots Watch website: http://haitigrassrootswatch.squarespace.com/18_01_ENG

Version française ici: http://haitigrassrootswatch.squarespace.com/18_01_FR

www.haitigrassrootswatch.org

Appendix:

Haiti's Grim History of Being "Open for Business"

The gold mines planned for Haiti's north come on the heels of centuries of foreign investment in – and extraction of – the country's minerals as well as other natural and agricultural resources.

1492: Writing in his journal during his first voyage, Christopher Columbus said the people of what would later be called "Hispaniola" – today comprised of Haiti and the Dominican Republic – gave the sailors gold with "such generosity of heart and such joy that it was wonderful." Every other entry has references like "great pieces of gold," and "pieces of gold as large as the hand." In the years that followed, hundreds of thousands, some say millions, of indigenous people died in gold mines and due to Spanish-borne diseases.

A decade after Columbus' first trip, the Spanish crown was already getting its "royal fifth" (20% of all gold found) from the Caribbean, collecting 8,000 ducats (about 884 ounces) in 1503, and about 120,000 ducats (13,272 ounces) in 1518.

1697-1804: The labor of an estimated 800,000 African slaves earned the French colony the nickname "Pearl of the Antilles" because of the massive wealth produced for the French crown and French investors exporting sugar, coffee and indigo. According to some researchers, by 1789 the colony exported one-half the world's coffee and accounted for about 40% of France's foreign trade.

1857: U.S. sea captain Peter Duncan proclaimed La Navasse Island, off Haiti's lower "arm," a "U.S. territory" under the 1856 U.S. Guano Island Act, which proclaimed that any U.S. citizen could take "peaceable possession" of any guano-rich "island, rock or key" that is "not within the lawful jurisdiction of any other Government." Guano – bird dung – was in high demand as a fertilizer.

La Navasse was part of Haiti, but no matter. The U.S. claimed the island and a company town was built to "mine" the dung. Today, the company is long gone, but La Navasse is still considered a U.S. territory by Washington. But Haiti still claims La Navasse and lists the island as national territory in its 1987 Constitution.

1910: Hayti Mines Company, based in New York, bought *Compagnie Minière de Terre-Neuve*. Over 10 years, the company exported 436 tons of copper ore. No more information is available.

1911: W.R. Grace backed U.S. entrepreneur James MacDonald, allowing him to take over Haiti's National Railroad Company. In exchange for promising to build a railway from Port-au-Prince to the northern city of Cap-Haïtien, MacDonald was given 50-year concessions for all the land alongside the eventual 320-kilometer railway line for banana plantations – two kilometers in each

direction – as well as a 50-year monopoly on banana exports. The MacDonald Company issued US\$35 million worth of bonds which were 60% guaranteed by the Haitian government. MacDonald failed and fled. During the 1915-1934 U.S. occupation, the Haitian government was forced to pay out over \$4 million to investors.

1915-1934: U.S. occupation of Haiti. Explained President Woodrow Wilson in 1913: “Our responsibility to the American people demands that we assist American investors in Haiti.” In 1914, U.S. Marines seized Haiti’s gold reserves, and within months U.S. Marines invaded again to begin the longest of all U.S. military occupations.

After a puppet parliament passed a law allowing foreigners to own land, over 1,000 square kilometers of land were granted to U.S. companies between 1917 and 1927, and another 1,000 square kilometers were sold to U.S. companies after 1928. U.S. pineapple, sugar, banana, and sisal companies expelled tens of thousands of farming families from their plots. Firms included familiar names like United Fruit and Standard Fruit, but also Haitian Products Co., Haitian American Sugar Co., etc. Most U.S. plantations ended in failure.

This period also saw massive migration of Haitian laborers, illegally and legally, to Cuba and the Dominican Republic in search of work. Total numbers are not known but from 1915 to 1930, between 5,000 and 20,000 mostly male labors legally went to Cuba each year.

1935: Standard Fruit and Steamship Company signed a 10-year contract, which was renewed for another five years. The New Orleans-based firm was given a monopoly over all banana exports for the first 10 years, and over most exports for the period 1945-1950. By 1945, in the Artibonite Valley alone, the company controlled 3,900 hectares directly and bought bananas from farmers on another 5,000 hectares. Growers who refused to plant bananas often faced repression and torched fields. Bananas became one of the country’s major exports by 1945, but the corruption of government authorities and other factors contributed to a gradual decline.

1941: The Haitian American Agricultural Development Company (SHADA in French) was formed in order to supply the U.S. government with rubber and sisal (for rope) for World War II. The firm got a US\$5 million loan from the U.S. Export-Import Bank and a concession of some 60,000 hectares of farmland and pine forest for the dual purpose of logging and planting rubber and cryptostegia, a rubber bush. In addition, SHADA got over 130,000 hectares of land in the north and northeast, which it logged completely, in order to set up sisal plantations. Farmers thrown off their land received a pittance in compensation – between \$5 and \$25 per carreau (1.29 hectares). A million fruit trees in Haiti’s southwest alone (Grande Anse) were cut down. In just one year, 1943, over 30,000 families were expelled from their lands.

The rubber project closed down in 1945, with a \$6.8 million loss. Other SHADA projects lost over \$2 million that year, too. SHADA is considered the worst fiasco “development” project in Haitian history.

1944: Reynolds Haitian Mines, Inc., obtained an exclusive monopoly on bauxite and a concession to mine near Miragoâne. Over about 40 years, 13.3 million tons of bauxite was sent up to Corpus Christi, Texas. Haitian bauxite accounted for almost one-fifth of Reynolds’ bauxite acquisition in the years between 1959 and 1982. Reynolds was given access to 150,000 hectares. Thousands of families were expelled.

The Haitian government got royalties of 90 US cents on the metric ton at first, then US\$1.29. When Haiti and other countries formed the International Bauxite Association (IBA) in

1974, royalties went up again, but within six years, Reynolds had pulled out, having extracted most of the bauxite and also in search of countries with lower royalties. Over its four decades in Haiti, Reynolds built one eight-mile road and employed about 300 people.

1955: The *Société d'Exploitation et de Développement Economique et Naturel* (SEDREN), owned by the Canadian company Consolidated Halliwell, obtained a concession to mine copper in the region of Mémé (Terre-Neuve/Gonaïves). Over 12 years (1960-1972), SEDREN exported 1.5 million tons of copper ore valued at about \$83.5 million. The government got about US\$3 million.

At its high point – 1971 – the mining industry (Reynolds and SEDREN together) employed only 889 people, who were paid only the minimum wage – less than 70 US cents a day at the time. All skilled labor came from overseas.

Haitian economist Fred Doura has called Haiti's economy a dependent and "extraverted" characterized by enclaves. Speaking of mining, he wrote: "The extractive industry in Haiti is a typical example of an 'enclave' industry under foreign domination where two North American transnationals exploited the minerals bauxite and copper... [T]he impact was practically null on the economy." [*Économie d'Haïti – dépendance, crise et développement* (2001)]

Sociologist and historian Alex Dupuy agrees with Doura's assessment. "Historically, foreign investments have not had positive impacts on the Haitian population in general," the Wesleyan professor explained to HGW in a telephone interview in February 2012. "Usually a few members of the Haitian elite benefit, the state takes its part, and then the profits all go to the company."

"Peasants have good reason to be distrustful of any and all proposals of foreign investment in Haiti, because they know very well how these projects have gone in the past," Dupuy added. "They are here to invest for themselves, not for the country, not for the peasants. They appropriate peasants' lands, taking away their only means of livelihood. So why should peasants trust them, or the central government in Port-au-Prince, or anyone else?"

**This article and much more information on Haiti is available at:
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