HAITI

UNITED STATES RECOGNITION OF THE NEW HAITIAN GOVERNMENT

838.00/1-1346

The Ambassador in Haiti (Wilson) to the Secretary of State

CONFIDENTIAL

PORT-AU-PRINCE, January 13, 1946.

No. 1220

[Received January 23.]

Sir: In continuation of my despatch no. 1214 of January 9,¹ I have
the honor to report that the political disturbances precipitated by the
student strike proceeded with unusual rapidity, and finally brought
about perhaps the principal object of the strikers, the overthrow of
President Lescot. . . .

The strike spread with great rapidity on January 8 and 9, extend-
ing to Government offices and commercial houses and by January 10
may be said to have been complete. The movement was remarkably
contagious, undoubtedly because the demands of the students com-
prised not only the restoration of political guarantees and the hold-
ing of new legislative elections but also because of the unpopularity
in which President Lescot and some of his supporters, such as Gontran
Rouzier, the Under Secretary of State for the Interior, were held by
the public. . . .

Undoubtedly with the purpose of effecting a stabilizing influence
and diminishing the popular effervescence, President Lescot delivered
a radio address at 1:00 on January 9 (see Embassy’s telegram no. 12
of January 9¹). In doing so the President probably injured rather
than helped his own cause. The tenor of the address (see my despatch
no. 1219 of January 10¹) which is harsh rather than conciliatory, and
the tone of the President’s voice did not produce the desired result.
He announced categorically that he would remain in office instead of
suggesting a modification of the Constitution, and his proposal to hold
a popular referendum offered no immediate relief. As I have re-
ported in my telegram mentioned above, I called on the President that
day at my own request and asked him to enlighten me on the current
of events. He frankly acknowledged that the agitation was directed
against his own person and then assumed a defensive position by vir-
tually denying that his administration was harsh or repressive of
popular liberties. I felt it useless to contest the accuracy of his views,

¹ Not printed.
although I gave no indication of concurring in them. He then produced the text of his proposed address, which he read to me in full, and appeared to invite my comment. As the time was growing extremely short, I could do no more than suggest to him informally that it might be helpful if he could include some reference to his Government's support of the United Nations Charter or President Roosevelt's Four Liberties.  

On January 10 the crisis was precipitated by the resignation of the entire Cabinet. It merely added fuel to the flame of the growing demand for the immediate departure of the President. . . . About midday on January 11 he consulted Mr. Rigaud, who informed him categorically that he could not choose his own Cabinet but must accept the choice of the Unified Democratic Front and that he could not remain in office until May 15, 1946 but must withdraw immediately and permit the new Cabinet to choose a new President. This ultimatum the President appears to have accepted, with the exception of requesting that a suitable length of time be granted to him to arrange his personal affairs before leaving. Rigaud then left, stating that he would consult his organization.

A short time later I received a telephone call from the President asking me to come to see him. This I did. He described to me at some length his efforts to form a Cabinet, handed me the text of his proposed radio address and asked me whether I would use my good offices with the Unified Democratic Front to permit him to remain a few days in order to arrange his personal affairs. I told him that all this would put me in a rather delicate position, but that I would give it my sympathetic consideration. He promised to send me the names of the persons whom I should consult.

A few minutes before 4:00, three cannon shots were fired from Fort National, announcing the seizure of power by the Military Executive Committee, and a few minutes later Colonel Lavaud read a proclamation over the radio, the text of which in original and translation is enclosed. This proclamation announces that owing to the inability of the Government to form a new Cabinet and the failure of efforts to restore calm to Haitian life, the General Staff of the Garde asked the President to resign, thereby making him a prisoner. The proclamation then states that the General Staff has formed an Ex-

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1 For excerpt from the annual message of President Roosevelt to the Congress, January 6, 1941, setting forth the “four essential human freedoms”, see Sen. Doc. 123, 81st Cong., 1st sess.: A Decade of American Foreign Policy: Basic Documents, 1941–1949, p. 1.

2 Georges Rigaud, Minister of Commerce and Agriculture.

3 Col. Frank Lavaud (Chief of Staff), Chairman of the Military Executive Committee (a Junta of three officers of the Garde). The other members of the Junta were Maj. Paul Magloire (Chief of Palace guard), and Maj. Antoine Levelt (Director of Military School).

4 Not printed.
executive Committee to govern the country until new elections can be held. It guarantees all the liberties demanded by the people and assures the security of Haitian and foreign institutions. The streets of Port-au-Prince immediately became a scene of jubilant manifestations, people crying, "Vive Liberté!" and "à bas Lescoat!" The presidential flag was hauled down from the National Palace. The crowd was particularly dense before the office of the Chief of Staff, where many officers of the Garde were gathered. The crowd appeared to be friendly to Americans, as I observed during a short tour of the town which I made later in the afternoon.

About 11:00 p.m. on January 11 the Executive Committee, through the intermediary of Major Peterson, requested to see me. I received them shortly afterwards at the Residence and conversed with the three officers for about an hour. Colonel Lavaud recounted to me at some length the events of the day and the President's inability to form a Cabinet. As during the afternoon he received disturbing reports from various parts of the city stating that the situation was getting out of the control of the Garde, he considered it essential in the interests of public peace to inform the President that he must immediately give himself up as a prisoner and leave the country. After some reflection the President consented.

I then talked with him at some length concerning the constitutional aspects of the situation. He frankly acknowledged that an extraconstitutional coup d'état had taken place. I asked him whether it would not have been possible, in view of the absence of a Cabinet, to follow the provisions of Article 39 of the Constitution, which states that the Permanent Committee of the National Assembly can choose a President. This he promptly put aside, as he said that the present Assembly was so unpopular that the people would never accept a President selected by the Permanent Committee. In fact, he said, it was the intention of the Military Executive Committee to dissolve the Chambers. This occurred on January 12.

I then asked Colonel Lavaud to describe to me his Committee's program. He replied that it intended to call popular elections as soon as possible, apparently within about two months, and that the newly elected Congress would choose the new President. In the meantime a military government would exercise control. This would mean, according to Colonel Lavaud, that various military officers would be placed in charge of the various Cabinet portfolios so as to enable the Government to function.

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7 Maj. John L. Peterson, Military Attaché.
8 A pencilled marginal note on the original by Mr. Charles C. Hauch of the Division of Caribbean and Central American Affairs reads: "Art 39 Const says that Perm. Committee convokes the Chambers which elect the President. The Committee itself does not elect. CCH"
I asked him whether he believed that his Committee had the support of popular opinion. He pointed out to me the enthusiastic crowds which had appeared in the streets and had given every sign of approval. He announced that all liberties had been restored and that political prisoners had been released. I inquired whether all political groups had given their approval. To this he did not give a wholly affirmative answer, and I gathered that the Unified Democratic Front, copy and translation of whose manifesto is enclosed, was not satisfied. I explained to him that I had put these questions to him, as he understood that the question of recognition would immediately arise and explained to him that I could not enter into any formal relations with him except under instructions from my Government. This he appeared to understand and showed no sign of displeasure.

During the last twenty-four hours it has become abundantly apparent that the members of the Unified Democratic Front have not given their support to the Military Committee, and that they have formed a Committee of Public Safety. On the morning of January 12, as I informed the Department in my telegram no. 24 of January 12, Dr. Camille Lherisson, a prominent physician of Port-au-Prince, and Mr. Emile Rigaud called upon me and in the name of this Committee of Public Safety demanded that the Department take immediate steps to compel the Military Committee to turn control over to it in order that the latter may rule as a provisional Government. Copy and translation of the Note of the Committee of Public Safety is enclosed, which gives me until midday to obtain the intervention of the United States Government, and announces that if this intervention should not be forthcoming, the Committee would not be responsible for future events. I told the gentlemen that in my opinion the proper way to proceed would be for them to approach the Military Committee as responsible and patriotic citizens and endeavor to reach a settlement with the latter, who in my opinion appeared to be equally patriotic. After some difficulty they were persuaded to give their consent and I requested Major Peterson to approach Colonel Lavaud and to ask him, if possible, to grant the interview. The latter willingly gave his consent, which was transmitted to Dr. Lherisson. The latter, however, after some hesitation, gave an evasive answer, stating that in the circumstances he did not consider it necessary any longer to see Colonel Lavaud.

At the time this is written it appears that the position of the Military Committee is becoming stronger, as it has enlisted the support of the students who initiated the strike, the latter issuing radio broadcasts announcing their support of the Committee and asking everyone to

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*Not printed.
return to work on Monday, January 14. The refusal of the Committee to permit any officers serving as Cabinet ministers to accept the ministerial salaries has produced a favorable impression.

As of interest to the Department, I should state that I was consulted on January 12 by Messrs. Williams, Pearson and Waterschoot of the National Bank, who stated that the Executive Committee had requested the Bank to provide funds on Monday to meet the regular budgetary expenses of the Government. The situation appeared delicate, as the Executive Committee is merely a de facto organization, not as yet having selected a provisional Cabinet. After some consideration, however, they decided that in the interest of stability and peaceful conditions, it would be necessary for the Bank to take the risk and issue the necessary funds to carry on the ordinary business of the country.

During the last twenty-four hours mobs have destroyed the houses of some of the unpopular officials, including the country residence of Gontran Rouzier, who has taken refuge in the Cuban Legation. There has been also a certain amount of pillaging of the shops. The animosity of the people, however, does not appear to be directed against foreigners, except the Syrian shopkeepers, and Americans appear to enjoy the friendly feelings of the people in general.

Respectfully yours,

Orme Wilson

838.01/1-1646 : Telegram

The Ambassador in Haiti (Wilson) to the Secretary of State

CONFIDENTIAL

PORT-AU-PRINCE, January 16, 1946—3 p.m.
[Received 8:15 p.m.]

Embtel 32, of Jan. 14. 19 I received yesterday a note from the Haitian FonOff signed by Major Levett stating that the Haitian Embassy in Washington has been instructed to request recognition. The note declares that the Executive Military Committee is recognized unreservedly throughout the entire territory of the Republic and has received the most complete popular support. It is determined to respect all international engagements assumed by the Republic of Haiti.

Information which I have obtained from reliable sources indicates that the Committee is in complete control of the Govt and enjoys the support of the student groups who commenced the revolution and of business circles. The press is uniformly favorable. Attitude of political groups is not so clear probably because of personal ambitions of various individuals but I doubt whether in view of assurances of committee to hold popular elections soon in order to establish a civilian

19 Not printed.
constitutional govt that they will endeavor seriously to weaken the authority of the Committee. In addition they appear to be unable to draw up a plan for a provisional civilian govt. It must also be remembered that the Garde is the only force which can maintain order and that recognition by the US of the provisional military govt will undoubtedly strengthen its position. I believe that the members of the Committee have no political ambitions. They have refused to accept any compensation other than their military salaries. There are no indications whatever that the revolution was aided by Axis influences.

If the situation continues to remain tranquil I expect to be able to send the Dept definite recommendations for recognition in the very near future.

WILSON

838.01/1-1646: Telegram

The Acting Secretary of State to the Ambassador in Haiti (Wilson)

SECRET

WASHINGTON, January 17, 1946—7 p. m.

10. Urtel, unnumbered, Jan. 16, 3 p. m. Dept expects consult other American republics regarding recognition Executive Military Committee and cirtel 11 on this subject is being sent you for information only.

Consultative process may take some time. In view recent developments certain countries of hemisphere and possible future repercussions, Dept plans proceed cautiously as regards recognition military regimes. Dept needs all possible information as to whether Committee intends and will be able to hold elections and turn power over to its elected successor. Please keep Dept advised of any further facts and views you may have on this subject. 12

11 Circular telegram, January 17, 8 p. m., not printed.

12 Ambassador Wilson reported in telegram 50, January 22, 2 p. m., that he had reached the conclusion after careful consideration that it would be advisable to grant recognition to the Military Executive Committee; the Committee appeared to possess general popular support, and, in his opinion, it intended to proceed to elections as soon as possible, its members had no personal political ambitions, and it proposed to fulfill its international obligations. Furthermore, he expressed his belief that recognition by the United States would tend to strengthen the position of the Committee which in his opinion was the only organization in Haiti that could maintain tranquility. (838.01/1-2246)

In telegram 50, February 5, 1946, 8 p. m., Ambassador Wilson reported the intention of the Military Executive Committee to announce on February 10 its plan to hold elections, adding: "This will contemplate elections for legislature and for constitutional convention in order to prevent Communists from endeavoring to control deliberations of latter. Legislature could draw up new constitution and elect president." The Ambassador was of the opinion that this fact was a further indication of the good faith of the Committee to establish a civilian government at the earliest opportunity and should receive the Department's sympathetic attention in connection with the question of recognition. (838.00/2-546)
Dept requests your views on recent or present applicability Article 39 of 1944 Constitution on presidential vacancy and the attitude of the Executive Military Committee towards this article.

ACHESON

838.002/2-146: Telegram

The Ambassador in Haiti (Wilson) to the Secretary of State

CONFIDENTIAL

PORT-AU-PRINCE, February 1, 1946—5 p.m.
[Received 7:58 p.m.]

73. Re Embassy despatch 1220, January 13. During a conversation today with Major Levelt, a member of the Military Executive Committee, I inquired whether the committee had ever considered the possibility of placing a civilian in the Cabinet as by so doing the Committee might strengthen its position and inspire greater confidence. He answered affirmatively but added that the Committee feared that if a reputable civilian were chosen the Communists would demand a portfolio for themselves. I suggested that this might be avoided by selecting a person entirely without political affiliations. He expressed appreciation of my interest and said that he would direct Colonel Lavaud's attention to the matter.

I believe that Levelt is sincere and that the Committee will give its attention to this subject. [4]

WILSON

838.01/2-2046

The Ambassador in Haiti (Wilson) to the Secretary of State

CONFIDENTIAL

PORT-AU-PRINCE, February 20, 1946.
No. 1302
[Received March 1.]

Sir: I have the honor to report for the information of the Department that conversations which I have had with prominent members of the American colony in Haiti indicate that many Haitians have been looking eagerly towards the United States as the great power which through its recognition of the Military Executive Committee would strengthen the moral authority of the Committee and thus assist their country to emerge from the present abnormal situation brought about by the fall of Lescot. Recognition by other American Republics would mean in comparison little or nothing. As, however,

[4] In a memorandum of February 7, 1946, Mr. Charles C. Hauch pointed out the fact that the Committee had demonstrated a willingness to take representative civilians into the Cabinet, but the latter had been unable to agree among themselves as to who should be included; Mr. Hauch expressed his opinion that the elections should settle this problem. (838.00/2-546)
this recognition has not been forthcoming, the attitude of these persons has changed to disillusionment and the prestige of the United States has consequently suffered.

I have endeavored to point out to my informants that the United States is following scrupulously its policy of cooperating with the other American Republics by means of consultation and that this will obviously take some time, as many of these republics have an inherent distrust of military rule. This, however, does not seem to convince them, as they advocate prompt recognition. It is, of course, difficult for persons residing in Haiti who feel the need of a strong executive who would bring the country back to a more normal status, to realize that consultation may be a protracted procedure. Many appear to consider that the United States is failing to further the cause of order and tranquility by pursuing a course of action which to them is distant and unreal.

Respectfully yours,  

ORME WILSON

838.01/3-146: Circular telegram  
The Secretary of State to Diplomatic Representatives in the American Republics

SECRET  
WASHINGTON, March 1, 1946—8 a.m.

Consultations among the various American Republics with regard to the possible recognition of the incumbent regime in Haiti have demonstrated that five countries are favorably disposed towards such action, while four (Mexico, Guatemala, Panama, and Venezuela) have expressed reluctance to do so in view of the wholly military nature of the cabinet as well as of the triumvirate. The remaining eight have expressed no definite opinion other than their intention to act only after full consultation and in conformity with the views of the other republics.

The military aspect has also caused us some concern in the light of past experience with regimes in hemisphere which before recognition have promised to observe democratic practices but after recognition had been extended sometimes ignored them. It is of course no part of this Govt’s intention to lend encouragement to the establishment or maintenance of military regimes or of any Govt not resting on the freely expressed will of the people. On the other hand, reports so far available, indicate that the military junta assumed power because it was only group prepared to assume the responsibilities of office and capable of maintaining order in face of lack of organization of opposition to Lescot and that it has acted with patriotism and disinterest.

Information reaching Dept indicates that junta would be quite willing to include civilians in cabinet and in fact has tried to do so; but
that its efforts have been unsuccessful due in part to lack of any political party with sufficient public support to ensure public confidence in its representative; in part to the inability of the numerous political parties which have sprung up to establish any working coalition; and in part to reluctance of individual civilians to accept office without the assured support of political groups and of the public.

Military junta has emphasized its desire to turn over to a civilian Govt as soon as possible, and has convoked elections not later than May 12, in which no member of the military is to be eligible for election. At that time, voters will choose a legislative assembly, which will first draw up a new constitution to replace that abrogated in January of this year and then elect a President. There would appear to be no prohibition preventing election of member of present junta or of Military to Presidency at that time.

Please convey foregoing survey of situation to FonMin, pointing out that junta controls machinery of Govt and is maintaining order, appears to enjoy popular support and has promised to fulfill its international commitments. You may point out that apprehension has been expressed that continued withholding of recognition might result in collapse of junta, general disintegration and even chaos—a possibility which the FonMin will wish to consider in conjunction with the other factors enumerated bearing on the situation.

Please ask FonMin for any additional information he may have and inquire specifically whether in his Govt's estimate recognition should be extended. You should add that your Govt makes no recommendation on this point and that it will take no action pending a consensus that recognition should be extended and the setting of a definite date. You should tell FonMin that if he favors recognition Dept would appreciate his suggestions as to date.

Above repeated to Buenos Aires, Ciudad Trujillo, and Port-au-Prince for information only.

Byrnes

838.01/3-2646: Circular telegram

The Acting Secretary of State to Diplomatic Representatives in the American Republics

WASHINGTON, March 26, 1946—8 p.m.

Depcirtel Mar 1. Uruguay recently extended recognition to provisional regime in Haiti thus presenting occasion for reassessment our position and evaluation recent additional information. In face reluctance certain Govts to recognize wholly military regime Dept considers it significant that Haitian triumvirate did not attain office by coup d'état, but stepped into vacuum left by resignation Lescot under pressure popular discontent. Junta attempted deliver execu-
tive power to Supreme Court which was unwilling to accept. Equally, junta attempted include civilians in cabinet, but was unsuccessful due to existence of plethora individualistic political parties each demanding cabinet post and unwilling to concede such representation to its competitors. Junta has convoked elections for May 12 for legislature which will meet and organize soon as possible thereafter, prepare new constitution (it is hoped within 30 days), and then elect President to whom junta will deliver executive powers. Junta decree provides that no military man on active service can be candidate for legislative election unless he resigns within 15 days of date of decree (Feb. 12). So far as is known, no officer resigned in accordance with this decree. Members of Committee have also declared repeatedly they do not intend to be candidates for any position including presidency. Foregoing information confirms reports of lack of political ambition on part of junta or army and of their sincere desire to establish civilian regime sooner possible.

In view foregoing and since junta controls machinery of Govt and is maintaining order, appears to enjoy popular support and has promised to fulfill its international commitments, please consult FonMin once more regarding recognition, informing him that your Govt favors such action at early date and that Costa Rica and Bolivia should now be added to the list of countries favoring such action. If he indicates his Govt favors recognition, his view on date for this action is solicited.

For your confidential information only, please attempt have reply reach Dept within a week so that if consensus favorable early date can be set for recognition.

Repeated to Haiti, Dominican Republic, Uruguay, and Argentina for information only.

Acheson

SECRET

WASHINGTON, April 2, 1946—7 p.m.

82. Since consensus of views on Haitian recognition in response to Depciertel Mar 26 8 pm is favorable, you should on Apr 8 advise

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[A circular telegram of April 2, 2 p.m. announced to 20 missions the Department’s plans to recognize the Military Executive Committee on April 8; a marginal handwritten notation initialed by Acting Secretary Acheson on the original telegram reads: “Approved by the President. DA.” It was reported that two Republicans (Uruguay and Mexico) involved in original consultation on Haitian recognition had extended recognition to the Committee; 14 others including this Government were favorable to recognition; no reply had been received from Guatemala to the circular telegram of March 26; and only the Venezuelan reply was unfavorable (838.01/4-246).]
FonOff of this Govt's receipt of communication addressed to President by Military Executive Committee on Jan 14,\textsuperscript{16} as well as similar communication of Jan 15 addressed to Secretary by FonMin,\textsuperscript{18} both of which stated that Committee wished to maintain with this Govt the traditionally friendly relations between Haitian and American peoples. In response to these messages you should state this Govt desires to resume the amicable official relations which before Jan 11 prevailed between Haiti and the United States. At same time you should advise FonOff Dept is replying in same sense to note from Haitian Emb of Jan 13 requesting recognition.\textsuperscript{17}  

ACHESON

REPRESENTATIONS BY THE UNITED STATES TO HAITIAN AUTHORITIES REGARDING PROVISIONS OF PROPOSED HAITIAN CONSTITUTION WHICH WOULD DISCRIMINATE AGAINST UNITED STATES INTERESTS IN HAITI

711.38/8-1846

The Ambassador in Haiti (Wilson) to the Secretary of State

CONFIDENTIAL

Port-au-Prince, August 18, 1946.
No. 1638 [Received August 22.]

Sir: I have the honor to report that President Dumarsais Estimé\textsuperscript{19} requested me to call upon him this evening at the National Palace.

After a number of introductory remarks, during which Mr. Estimé referred to his acquaintance with former Chiefs of this Mission, he proceeded to tell me of his great admiration for the United States, which he had visited in 1939 while Minister of Public Instruction, and referred to the immense productivity of the American soil. He also said that he had read with interest some of the works of former Vice President Henry Wallace. The United States, he stated, produces nearly everything it needs, except aluminum. This gave me an opportunity to point out that in this respect the relations between Haiti and the United States could be strengthened, since the former has bauxite deposits which are about to be worked by the Reynolds Mining Company. He appeared to be familiar with this matter.

On the general subject of Haitian-American relations, the President told me that he realized perfectly well that these relations must be close, as American economic and commercial assistance to Haiti was

\textsuperscript{16} Not printed.

\textsuperscript{17} Not printed. A memorandum by the Department of State to the Haitian Embassy, April 8, 1946, stated: "The Embassy is hereby informed of this Government's desire to resume today the friendly official relations which have traditionally prevailed between the United States and Haiti." (838.01/4-846)

\textsuperscript{18} The election of Dumarsais Estimé as President of Haiti by the National Assembly took place on Friday, August 16, 1946.
absolutely indispensable to the latter’s existence. He recognized that during the war the United States, by purchasing Haiti’s products, had saved Haiti from economic collapse. He endeavored to point out, not very convincingly, however, that the Haitian peasant benefited relatively little by this trade, as the imports which were received from the United States were distributed by the Lescot administration among its favorites, who made scandalous profits on them. This discussion furnished me an opportunity to tell the President that while the United States Government was inspired by the kindest sentiments towards Haiti and desired to relieve the economic status of the peasant, as exemplified by the presence of the Sanitary Mission and the Food Supply Mission, I felt that it could not view with satisfaction such attempts as are apparently being made by means of the proposed new constitution to destroy or injure American business interests legally established in the country. I referred in particular to Article 6, which would appear to occasion severe injury to American capital invested in agricultural enterprises, and Article 13, which forbids the conduct of retail business by foreigners. The President replied that there exists a group of radical minded persons, among whom he mentioned Emile St. Lot, who call themselves Leftists and wish to take drastic action against foreign capital. He then said that although he, too, could be called a revolutionary, he is of the Right, and that although it is his intention to endeavor to free the Haitian peasant from his present condition of misery and squalor, he harbors absolutely no hostile feeling against American capital. The Standard Fruit Company, for instance, is, in his opinion, doing much to relieve the status of the Haitian peasants by means of its contracts with the small fruit growers. I pointed out that nevertheless I felt a distinct anxiety, since Article 6 definitely limits the land holdings of foreigners and that in the case of one company, the Haitian-American Sugar Company, this would appear to occasion immense damage, since the latter’s real property amounted to about 9,000 acres. The President endeavored to reassure me by expressing his confidence that in the legislation which would be enacted to enforce the constitutional provisions, means would be found to avoid injustice. In addition, he doubted whether such legislation could be retroactive or applied to Haitian companies through which American capital is now operating. He then reminded me that in the decree adopted a few days ago putting the Constitution of 1932 temporarily into effect he was forbidden to intervene in the future work of the Constitutional Assembly (see

19 President Elie Lescot.
20 For 1944 agreement between the United States and Haiti respecting a health and sanitation program, see Department of State Executive Agreement Series No. 453.
my despatch no. 1633 of August 14. He felt, however, that he
would be able, through discreet conversations, to convey to the legis-
lators sound and appropriate advice.

On the subject of Article 13 (retail trade) he informed me that it
was directed against the Syrians, who had enriched themselves through
questionable relations with the Lescot Government. I replied that
although this might be true, I felt it unfair to make American busi-
nessmen suffer for the misdeeds of the Syrians. Again he gave me
general assurances that the situation could be worked out satisfac-
torily, but did not commit himself as to just how this would be done.

Time did not allow me to enter at great length into the financial
subjects, such as the Agreement of 1941. I told him, however, that
the Department was always perfectly willing to discuss any proposi-
tions that might be laid before it by the Haitian Government, both with
regard to the six percent bonds and the four percent notes held by the
Export-Import Bank. I also pointed out to him that insofar as the
Department is concerned, the Haitian authorities are at entire liberty
to negotiate with the bondholders for a refunding of the six percent
issues, which would automatically terminate the special financial rela-
tions now existing between the two Governments. He said that he
understood quite well that the six percent and the four percent obli-
gations constituted two different problems and then inquired about the
Shada debt. To this I repeated that the Department would, of
course, be glad to receive any suggestions on this subject, although
the notes themselves were held by the Export-Import Bank. The
conversation terminated with the understanding that I could discuss
these matters later with Dr. Price-Mars, the new Minister of Foreign
Affairs.

The impression made upon me by the President was not unfavor-
able. His manner was cordial and he conversed on the subjects at
issue considerably more clearly and directly than did his predecessor,
not losing himself, as the latter did, in a mass of words, through which
the thread of conversation was broken. His principal interest appears
to be that of raising the standard of living of the Haitian peasant.
He said that it is a shame and a disgrace that at a flying distance of
only four hours from the United States a mass of about 4,000,000
persons should be living in rags and misery, barely able to scratch a
living from the soil, and he added that these people have nowhere
to go, as neither the Dominican Republic nor Cuba wants them. As

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21 Not printed.
22 Signed at Port-au-Prince September 13, 1941, by the United States and Haiti; for documentation, see Foreign Relations, 1941, vol. vii, pp. 322 ff.
23 For documentation on the contract between the Société Haitiano-Américaine de Développement Agricole (SHADA) and the Export-Import Bank of Washing-
ton, August 15, 1941, see Foreign Relations, 1941, vol. vii, pp. 366 ff.
stated above, I indicated that the United States Government is taking a sincere interest in the welfare of the Haitian peasant through the activities of the Sanitary Mission and the Food Supply Mission, the latter of which has repaired such losses as were occasioned by the Cryptostegia program.²⁴

Respectfully yours,

ORME WILSON

838.3211/8-1446: Telegram
The Acting Secretary of State to the Ambassador in Haiti (Wilson)

RESTRICTED
WASHINGTON, August 21, 1946—7 p. m.

NIACT

240. Embdesp 1633, Aug 14 and previous communications. Amb should be prepared discuss with Dept on Aug 26 clauses in Haitian draft constitution which would affect American business interests, furnishing such information as possible to obtain on points below, and having Emb follow up with further information when available.

1. Are Articles 1 to 10 and any others adopted already in final effect or what other steps must be taken and by what branch of the Haitian Govt.

2. Is 1932 Constitution still in effect.

3. Clarification of whether Articles VI and XIII would apply to foreign individuals or companies already established in business in Haiti and regardless of whether or not they are incorporated under Haitian laws and are Haitian corporations.

4. Clarification of meaning of clause in Article XIII re small industries.

5. The meaning of Article D, Title XI and its implications.

Emb should make strong informal representations to Haitian authorities pointing out that Articles VI and XIII will be harmful to prosperity and welfare of Haiti itself especially if applicable to interests already established; that they are contrary to the principles set forth in section 6 of Resolution LI (Economic Charter of the Americas) of the Final Act of the Inter-American Conference on Problems of War and Peace held at Mexico City in 1945; and contrary to the principles set forth in the Proposals for Expansion of World Trade and Employment issued by this Govt in preparation for

²⁴For documentation on the termination of a cryptostegia program in Haiti which had been sponsored by the United States, see Foreign Relations, 1944, vol. vii, pp. 1169 ff.
²⁵Not printed.
²⁶Ambassador Wilson was in Washington for consultation August 26—September 6.
²⁷For text of Resolution LI, see Report of the Delegation of the United States of America to the Inter-American Conference on Problems of War and Peace, Mexico City, Mexico, February 21—March 8, 1945 (Washington, Government Printing Office, 1946), p. 120.
the International Conference on Trade and Employment in which Haiti will participate.

It is the strong hope of this Govt that Haiti will not adopt measures which will prejudice the objectives of this Conference especially those embodied in the recommendations of section 6 of Chapter VI of the Proposals.

This Govt also strongly hopes that Haiti will not adopt provisions in its Constitution which will be made the basis for discriminatory treatment of nationals of the United States in a manner which would be in contrast with the liberal principles applied under the Constitution and treaties of the United States in the treatment of aliens legally admitted to this country.

Haitian Corporation and Standard Fruit have already inquired re Dept’s position in these matters.

ACHESON

828.011/8–2646

The Chargé in Haiti (Mooers) to the Secretary of State

RESTRICTED

PORT-AU-PRINCE, August 26, 1946.

No. 1654

[Received August 29.]

SIR: I have the honor to refer to the Department’s confidential telegram no. 245 of August 22, instructing the Embassy formally to bring to the attention of the Haitian Government the fact that the Department considers Article 127 of the proposed new constitution would be a violation of the Executive Agreement of September 13, 1941 as applicable to the control of Haitian finances.

Upon the receipt of this instruction, I prepared a formal note and on August 24 personally presented it to the Minister for Foreign Relations, Dr. Jean Price-Mars, who very recently has assumed office. In delivering this note, I took the occasion to point out that the Government of the United States was concerned with the implications of this Article, and that I had felt called upon to hand the note to him in person and respectfully to solicit his fullest assistance in giving the matter immediate attention. A copy of the Embassy’s note will be found attached.

Dr. Price-Mars read the note attentively and then stated that, unfortunately, he was unable to reach any immediate conclusion in view of the short time that he had been in office. He added, however, that he would study both the Executive Agreement of 1941 and the Article

29 The Haitian Corporation of America (the holding company for the Haitian-American Sugar Company).
30 Not printed.
itself at an early date and effect a reply, after taking the matter up with other branches of the Government. I then advised him that I had brought with me copies of both the Executive Agreement and the Projet de Constitution, and that I would appreciate it if he would glance over the relevant passages to be found in each of these documents. He agreed to do so, and after reading both carefully stated without hesitation that the purpose of Article 127 was indeed a violation of the Agreement now in effect, adding that he realized the seriousness of the situation and that he would confer at once with other officials and make a reply to the Embassy within the coming week. He inquired if this would be sufficiently prompt, and I told him that it would.

I then asked permission to advise him that I had been instructed by my Government to make strong informal representations with regard to Articles VI and XIII of the proposed new constitution, and proceeded to do so, following literally the Department's comment contained in its telegram no. 240 of August 21, beginning with the paragraph following immediately after Item 5 and terminating with the conclusion of the penultimate paragraph of that message. In doing this, I took the occasion to recall tactfully that the Government of the United States for some time had been earnestly endeavoring in many ways to contribute extensively to the welfare of Haiti, including current active participation in programs dealing with public sanitation, national health, food production, education, et cetera, and that the Embassy was at a loss to understand why legislation apparently at once highly detrimental to legitimate American financial investments in Haiti should be contemplated. I added that I was aware that Ambassador Wilson had already brought this informally to his attention (see Embassy's despatch no. 1643 of August 20\textsuperscript{31}), but pointed out that I had now been directed by my Government to do so.

Dr. Price-Mars, whose attitude was formal but entirely friendly, repeated that in consequence of the short time he had been in office he was not yet familiar with many of its problems, but added that he was confident that the Haitian Government would work in closest cooperation with the United States and that "the rather uncertain conditions" which "appeared" to exist within some of the articles of the proposed new constitution would eventually be 'ironed out' once they were to be given appropriate attention. He did not venture to say when this would be. He recalled that any article, even though voted, could again be brought up for debate and modification before promulgation and was confident that legitimate American business

\textsuperscript{31} Not printed.
interests in Haiti certainly were not seriously envisaged at the time the articles in question were prepared. Although he realized very well that now was the time to effect enduring definitions, he was satisfied that no serious difficulties between Haiti and the United States would arise. In terminating this second conversation, I asked him whether, with regard to Article 6 which had been voted by the Assembly, the definition of its limitations appearing in *Le Soir* (August 8) was substantially correct. After reading the clipping attentively, he said that it was. He was not able, however, to define the exact meaning of the statement, “... une superficie ne dépassant pas trente pour cent de celle à exploiter”, appearing at the close of the penultimate paragraph of the article, admitted that it was “vague”, and promised to secure a clarification for the Embassy’s assistance within a few days. A copy of this article, dealing with Article 6, is appended, together with a translation.  

It was not possible at the time of this appointment to secure from Dr. Price-Mars an expression of whatever opinion he might have with regard to the several inquiries contained in the Department’s telegram no. 240 of August 21. It is recalled, however, that Ambassador Wilson, now at the Department, is well prepared to supply answers to the majority of these questions, although some obviously were not to be defined at the time of his departure, and do not appear fully to be so now. The Embassy will endeavor to ascertain the information desired at the earliest possible date and transmit it to the Department.

The reply now awaited from the Foreign Office in consequence of the Embassy’s note no. 776, under reference, will also be made known to the Department as soon as possible.

Respectfully yours,

Horatio Mooers

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Memorandum of Conversation, by Mr. Charles C. Hauch of the Division of Caribbean and Central American Affairs

[WASHINGTON,] August 26, 1946.

Subject: Restrictions on foreign business enterprises in Haiti in proposed Haitian Constitution.

Participants: Assistant Secretary Braden

Mr. Briggs—ARA

Mr. Barber—CCA

Mr. Hauch—CCA

Mr. Orme Wilson—former Ambassador to Haiti

32 Not printed.

33 Ellis O. Briggs, Director of the Office of American Republic Affairs.

34 Willard F. Barber, Acting Chief, Division of Caribbean and Central American Affairs.
Mr. Harold H. Tittmann, Jr., Ambassador to Haiti
Mrs. Hood—CP
Mr. Wilson—CP

This meeting was held to discuss the above subject and specifically to permit Ambassador Wilson to comment on the various questions posed in the Department’s telegram 240 of August 21. Mr. Braden stated that Mr. Hasler of the Haitian Corporation of America had called and had expressed some concern regarding these provisions of the proposed Constitution. Mr. Hasler had added that Mr. Blackmon of the Standard Fruit Company appeared to be very much agitated by the situation.

With respect to the several questions raised in telegram 240, Ambassador Wilson’s comments on each of the points raised were as follows:

1. Articles 1–10 are in effect, subject to final approval of the new Constitution as a whole. They may be regarded as having been substituted for comparable articles in the 1932 Constitution, but they are subject to possible further discussion before final adoption of the new Constitution. The same situation is true as other articles of the new Constitution are proposed and adopted.

2. The 1932 Constitution is still in effect, except as it is gradually superseded by articles of the proposed Constitution. The ultimate effect will thus be that the 1932 Constitution will be completely superseded.

3. It is not clear whether Article 6 would be applied retroactively to foreign individuals and companies now doing business in Haiti, or would be applied to Haitian corporations owned and operated by foreigners. On this point Ambassador Wilson stated that the new President felt that the Article in question would apply in neither case, but this was merely his personal opinion. The former Foreign Minister, Major Levett, had expressed an opinion directly to the contrary. The President had said that enforcing legislation would clarify this point.

With respect to Article 13, the same indefinite comments applied as regards the retroactivity of the Article, but on the second point the Article is explicit that retail business shall be confined to individuals of Haitian origin.

4. The reference to small industries in Article 13 is also unclear and subsequent legislation must be awaited before its meaning becomes clear.

5. It is apparent that by Article D of Title XI the Haitian Assembly is leaving the way open for questioning many of the acts of the former Lescot regime, but it is stated in such general terms and in such obscure language that its application in any individual case

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35 Mr. Tittmann was appointed Ambassador to Haiti on July 12, 1946; he was in Washington for Departmental consultation from August 6 to September 12, when he departed for Port-au-Prince.
36 Mrs. Amelia H. Hood, Division of Commercial Policy.
37 Robert R. Wilson, Adviser, Division of Commercial Policy.
must be awaited before any further action by this Government can be taken.

It was agreed that there is no further action to be taken at this time vis-à-vis the Haitian Government, pending a reply from the Embassy to the Department’s telegram 240. It was decided that in the meantime a telephone call would be made to Mr. Hasler and he would be asked to come to Washington for a presentation of the situation as it exists at present. He would be received first by officers of CCA and CP and subsequently would talk to Mr. Braden.

838.011/5-3046

The Chargé in Haiti (Mooers) to the Secretary of State

RESTRICTED

PORT-AU-PRINCE, August 30, 1946. [Received September 4.]

SIR: I have the honor to refer to the Embassy’s confidential telegram no. 361 of August 29, 1946,38 the second paragraph of which dealt with Article 13 (of the proposed new Constitution for Haiti) which was voted by the Assembly on August 29. It will be recalled that the Department was advised that from a close translation of the more important parts of this Article, as voted, it appears that only native-born Haitians may engage in retail business, manage the activities of small industries and be engaged in such other commercial, industrial and professional activities as the law shall determine.

I have now ascertained that the reference to small industries was removed completely from the Article immediately before being voted and that, in consequence, the translation under reference finally appears to read as follows:

"Only native-born Haitians (i.e. ‘Haitiens d’origine’) may be engaged in retail business, manage such businesses and be engaged in such other commercial, industrial and professional activities as the law shall determine."

[Here follow the French text of article 13, and summary of discussions with two Americans who owned and operated retail establishments in Port-au-Prince; it was their opinion that by the time the new Constitution was formally accepted the apparent obstacles to their interests would have been either eliminated or suitably amended.]

It may be added for the Department’s assistance that the following definition of the words "Haitiens d’origine" apparently was accepted by the Assembly and voted in conjunction with the article:

“A Haitian by origin is defined as any person of the black race, born of a father who himself is born a Haitian. Any person is also

38 Not printed.
a Haitian by origin when of the black race, when not recognized by his father, but born of a mother who was Haitian by birth."

[Here follows summary of discussion with the British Minister, Augustus Crosbie Routh, who agreed that in consequence of this conversation it would be best for him to make at least strong informal representations to the Haitian Foreign Office without delay; also, reference to articles 14 to 20 which were voted on August 28.]

Respectfully yours,

HORATIO MOOERS

838.5211/9-946: Telegram

The Chargé in Haiti (Mooers) to the Secretary of State

RESTRICTED

PORT-AU-PRINCE, September 9, 1946—11 a.m.

[Received 2:10 p.m.]

371. Following definite opinions received verbally from FonMin (refer numbered items Deptel 240, August 21):

   Items 1 and 2 already answered by Ambassador Wilson while Department.

   3. Articles 6 and 13 would not apply to foreign individuals or companies under circumstances given by Department. FonMin considers that a firm owned by a foreigner and doing business in Haiti if employing a Haitian manager and Haitian foreman would meet requirements of article 13; also that employment of Haitian foreman alone might be sufficient (Embses 1669, August 30).

   4. Small industries clause removed from article when voted (refer same despatch).

   5. Considers article D title 11 extremely vague and unsound and assures me this sentiment is shared by all responsible members of Govt who support fully article 28 providing for non-retroactivity of laws.

   Embassy hopes receive by 14th final texts of all articles voted to date. These not yet printed.

   MOOERS

838.011/9-2746

The Acting Secretary of State to the Ambassador in Haiti
(Tittmann)

CONFIDENTIAL

WASHINGTON, October 3, 1946.

No. 11

Sir: I refer to the Embassy’s telegram no. 411 of September 27 and airgram no. A-335 of September 20, 1946 and to other communications on the subject of the new Haitian Constitution.

39 Neither printed.
In the telegram it is stated that the Embassy has reiterated a strong informal protest in writing to the Haitian Foreign Office with regard to Article 6 (now 7) and Article 13 (now 15) of the proposed new Constitution. This Government is also concerned over the present wording of Article 8, an Article which was not in the original draft of the Constitution and which was, as the Embassy’s airgram under reference indicates, voted upon only recently.

Since the Constitution as a whole will no doubt be voted upon soon, it is suggested that, unless you perceive objection, you take the occasion at an early date to have frank and definitive discussions with as many of the higher-ranking Haitian officials as you deem necessary, expressing this Government’s deep concern over Articles 7, 8 and 15 of the Constitution. If you consider it advisable, you might leave an aide-mémoire with the Foreign Minister after your discussion with him.

I have noted that President Estimé, Foreign Minister Price-Mars, and others in the present and the interim Governments of Haiti have indicated to Ambassador Wilson and also to you that they realize that United States economic and commercial assistance is absolutely indispensable to the welfare of Haiti. It might be well to remind the Haitian officials that if they and other responsible Haitians desire the continuance of mutually beneficial economic development by United States private enterprise, such enterprise should not be discouraged by discriminations against foreign investors, entrepreneurs and technicians.

Verbal assurances, such as have been given by various Haitian officials, that established United States private enterprises will not be affected by these Articles of the Constitution, are not sufficient since there would be no guarantee that such treatment would be continued if the wording of these Articles remains as it now stands.

This Government feels that the most desirable solution would be the deletion of all provisions of Articles 7, 8 and 15 of the Constitution that discriminate against foreigners. In the case of Article 7 this would mean retaining only the first sentence of the first paragraph and the first sentence of the second paragraph except for the last clause. All of Article 8 and the second sentence of Article 15 would be deleted.

Should the Haitian officials request your views (but only if they request them) regarding alternative provisions, you are authorized to convey informally the ideas set forth in the memorandum transmitted herewith.\footnote{Not printed.}

In discussing with the Haitians the matter of the protection of the rights of United States private enterprise in Haiti, you should make clear that this Government is not asking for special favors for its
nationals and that it asks only for such treatment as is granted to
foreigners in treaties of friendship and commerce between many
nations of the world. Such treaties are based upon the principle of
mutual advantage, and their provisions accord to nationals of either
contracting country the right to engage in commercial, professional,
and manufacturing activities and to own property in the territory
of the other contracting nation upon the same terms as the nationals
of that nation.

This Government, as you know, has taken the initiative in advocat-
ing that all countries of the world join in a broad program looking
toward the expansion of world trade, employment, and prosperity, as
outlined in the "Proposals for Expansion of World Trade and Em-
ployment" issued by this Government last November. These Pro-
posals seek "economic cooperation among nations with the object of
preventing and removing economic and social maladjustments, of
achieving fairness and equity in economic relations between states,
and of raising the level of economic well-being among all peoples".
One of the functions of the World Trade Organization, which these
Proposals advocate be set up, is the following:

"To make recommendations for international agreements designed
to improve the bases of trade and to assure just and equitable treat-
ment for the enterprises, skills and capital brought from one country
to another, including agreements on the treatment of foreign nationals
and enterprises, on the treatment of commercial travelers, on com-
cer trial arbitration, and on the avoidance of double taxation."

Since the Haitian Government will no doubt send delegates to the
proposed International Conference on World Trade and Employ-
ment, which has been called by the Economic and Social Council of
the United Nations, at which these Proposals will be considered, it is
hoped that Haiti will not incorporate provisions in its Constitution
which will make it difficult for its delegates to join with the delegates
of other nations in cooperating for the economic betterment of all.

You might also wish to point out that this Government is sincerely
hopeful that Haitians will themselves, in the near future, engage to an
increasing extent in the economic development of Haiti. One of the
broad general purposes of the International Trade Organization of
the United Nations, as stated in the draft Charter, is to "encourage
and assist the industrial and general economic development of Member
countries, particularly of those still in the early stages of industrial
development."

Communications from the Embassy have indicated that the French
and British Ministers have expressed concern to the Embassy over
the Articles of the new Haitian Constitution which discriminate

41 Maurice Chayet and Augustus Crosbie Routh, respectively.
against foreigners. Unless you perceive objection, you should urge that each of them make strong representations to the Haitian authorities pointing out their concern over these Articles and urging that the discriminatory and restrictive features be removed therefrom.

The memorandum of conversation dated September 23, 1946 between an officer of the Department and Mr. Ernst Schneeberger, Second Secretary of the Swiss Legation in Washington, a copy of which was sent to the Embassy, shows that the Swiss Government is concerned principally over Article 6 (now 7) and that the Swiss Consul in Port-au-Prince had been requested by his Government to make a full report. You may, if you have not already done so, wish to get in touch with the Swiss Consul and urge him to express formally or informally his Government’s concern over the Articles of the proposed Constitution which he finds objectionable.

The Embassy will no doubt continue to send the Department copies of the texts and translations of the Articles of the Constitution as they are adopted.43

I should appreciate it if you would keep me informed of the progress of your discussions with the Haitian authorities.

A separate communication is being sent the Embassy regarding the Haitian claim to Navassa Island as set forth in Article 1 of the new Constitution.

Very truly yours, For the Acting Secretary of State:

Spruille Braden

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888.011/10-446: Airgram

The Acting Secretary of State to the Ambassador in Haiti (Tittmann)

WASHINGTON, October 4, 1946.

A-240. Reference is made to Article I of the new Haitian Constitution which states that the Island of Navassa is an integral part of the territory of Haiti. Inasmuch as this Government regards Navassa as falling under the sovereignty of the United States, you are requested to address a note to the Haitian Government making formal reservation of the rights of the United States with regard to this Island. Particular reference is made in this connection to the Department’s instruction 218 of August 13, 1932 and the Embassy’s despatch 489 of September 12, 1932, regarding the action taken by

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42 Not printed.

43 Ambassador Tittmann reported in telegram 411, September 27, that the National Assembly had that day voted articles 130 through 150 inclusive of proposed new constitution; also, the Embassy had that day reiterated strong informal protest in writing to the Haitian Foreign Office with regard to articles 6 and 13 (888.011/9-2746).

44 Airgram 240, October 4, infra.

45 Copy of note of October 9 transmitted to the Department with despatch 29, October 9, from Port-au-Prince, not printed.

46 Foreign Relations, 1932, vol. v, pp. 706 and 707, respectively.
this Government with respect to the Haitian Government’s claim to
Navassa as expressed in Article I of the Haitian Constitution of 1932.

A separate communication is being sent the Embassy regarding
provisions of the new Haitian Constitution restricting the business
and commercial activities of foreigners.\[47\]

\[47\] Instruction 11, October 3, supra.

\[48\] Not printed.

\[49\] Airgram 240, October 4, supra.

\[50\] Instruction 11, October 8, p. 921.

\[46\] Achieson

838.011/9-2646 : Telegram

The Acting Secretary of State to the Ambassador in Haiti (Tittmann)

WASHINGTON, October 4, 1946—7 p. m.

288. Ur airgram 340 Sept 26,\[48\] Emb requested to make strong rep-
resentations against apparent ultimate purpose Article 35 (formerly
33) of new Haitian Constitution to bar all foreigners as members
practicing clergy. Emb should point out foreign clergy in US gen-
erally enjoy equal rights with US citizens. Dept feels this portion
Article 35 is further application of principle set forth in Article 15
empowering Govt to restrict professional and business occupations to
Haitians and Emb should endeavor to secure its deletion. Separate
communications being sent Emb on Haitian claim to Navassa Island \[49\]
set forth Article I new Constitution and on restrictions on economic
activities foreigners in Articles 7, 8, 15.\[50\]

Emb should urge British and French Ministers to take similar ac-
tion with respect to objectionable portion Article 35.

For your strictly confidential information Dept also fears exclusion
foreigners as practicing clergy might be followed by attempted ex-
propriation or confiscation foreign-owned church property.

\[50\] Instruction 11, October 8, p. 921.

838.011/10-846 : Telegram

The Ambassador in Haiti (Tittmann) to the Secretary of State

CONFIDENTIAL

PORT-AU-PRINCE, October 8, 1946—1 p. m.

[Received 5:15 p. m.]

428. (1) I saw both Foreign Minister and President Estimé yester-
day with regard to objectionable articles 7, 8, and 15 of proposed
constitution and left with them informal protest in writing based on
Dept’s extremely useful instruction 11, October 3. Foreign Minister
failed to request US views regarding alternative provisions, but Presi-
dent did, so I furnished him informally and confidentially with memo
accompanying Dept’s instruction. Both President and Foreign Min-

\[47\] Instruction 11, October 3, supra.

\[48\] Not printed.

\[49\] Airgram 240, October 4, supra.

\[50\] Instruction 11, October 8, p. 921.
ister recognize principle that regulatory details should be omitted from constitution, but I received impression that President is less inclined to act on principle owing to political considerations. He stated frankly that to have article 7 eliminated would mean "battle" because of its popularity with the masses. He said it was his intention to see that final discussion of new constitution by Assembly was postponed month or two in order to permit present agitated atmosphere in that body to subside. He said he could give me no assurances until he had studied documents, but repeated his usual statement that American interests had nothing to fear. I impressed upon him before I left that verbal assurances were hardly enough.

(2) Meanwhile the official Moniteur of September 30 published text of 1932 constitution with first 10 articles of proposed new 1946 constitution included in accordance with decree of August 14, copy of which was transmitted with Embdesp 1653, August 24.59 By virtue of article 14 of decree constitution in effect which presumably means that article 7 and 8 are now, at least provisionally, in force until new 1946 constitution is promulgated. As soon as Moniteur was distributed on October 4 I protested vigorously to Foreign Minister, pointing out that it had been generally understood that publication was not contemplated and I asked for explanation. He replied that my protest was first he had heard of matter, but after his inquiries over telephone it transpired that President himself had ordered promulgation in order to provide necessary legal basis for judicial appointments he wished urgently to make. This explanation was confirmed later by President who emphasized provisional character of published constitution and once more offered assurances that objectionable articles would not be applied in case American interests. American circles here do not seem unduly alarmed by publication.

(3) Expect to see my British and French colleagues and Swiss Consul today regarding above articles as well as article 35 which was also subject of a written informal protest to Foreign Minister by the Embassy.

TITTMANN

838.011/11-1146: Airgram

The Ambassador in Haiti (Tittmann) to the Secretary of State

PORT-AU-PRINCE, November 11, 1946.
[Received November 13—11:32 a.m.]

A—390. Reference my telegram No. 429 of October 8,52 dealing with appointment of a seven-man Committee to review proposed constitution before final discussion and voting by Assembly.

59 Not printed.
On November 6, Committee completed its report to the General Assembly and proposed numerous modifications in the articles of the new projected 1946 constitution. The recommendations have not yet been made public, but Embassy has today succeeded in obtaining a copy of the complete text. There follows a brief review of the Committee's recommendations dealing with those articles which are of specific interest to the Department:

Article 1:
Pointing out that "democratic principles are as readily to be found in a representative system (of Government) as in a socialistic one", the Committee proposes the elimination of the word "social" as it now appears in the project, and suggests that the article read as follows:
"(translated) The Republic of Haiti is one, indivisible, free, sovereign, independent and democratic. Port-au-Prince is its capital and the seat of its Government. All of the islands which lie within the limits consecrated by the jus gentium (Droit des gens), of which the principal are: La Tortue, La Gonave, l’Île à Vache, les Cayemittes, la Navassa, and la Grande Caille, form an integral part of the territory of the Republic, which is inviolable and cannot be alienated by any treaty or convention." (Note: Reference Embassy's despatch No. 29 of October 9, 1946, regarding transmission of note to Foreign Office dealing with the rights of the United States in the matter of the Island of Navassa.53).

Article 4:
Committee suggests elimination of the words "of the black race", pointing out that to retain this prerequisite would be a violation of the United Nations Charter, inasmuch as no distinction as to race should be incorporated into the Constitution.

Article 7:
Committee proposes that henceforth this article be numbered 10, and that the first paragraph of the French text be left as it now appears in the project. In the second paragraph, the words "residing in Haiti" are to be added immediately after the word "foreigner" in the first line, so that the second paragraph of this article shall read: "However, a foreigner residing in Haiti can in no case become proprietor of more than one residential building, nor more than one commercial building in the same locality. In no case may he engage in the rental of property (location d'immeubles)".

The third (and concluding parts) of this article have been redrafted as follows:

"The right to own landed property is equally accorded a foreigner residing in Haiti and to foreign companies for the needs of their agricultural, commercial, industrial or educational enterprises. This right will cease at the end of a period of 2 years after the foreigner will have ceased to reside in the country or the operations of these companies will have ceased, and the State will become the rightful owner in conformity with the law which determines the extent of

53 See airgram 240, October 4, to Port-au-Prince, p. 924.
ownership rights and the regulations to be observed in transmitting and liquidating holdings. Every citizen has the rights under the benefits of certain advantages determined by law to denounce violations of this present disposition.7

(The Department will note that stringent limitations regarding the extent of property that may be owned by foreigners in Haiti have been eliminated from the original text.)

Article 15:
The Committee recommends that the constitution make no attempt to define the nationality of business enterprises in Haiti, and that such a question be left to the laws of the Republic for decision. No proposed wording of this article is offered in the report.

Article 36:
The Committee suggests that, from now on, this article be numbered 17. It proposes but one modification: that the verb “diriger” (direct) be eliminated from the text and that the verb “entreprendre” (undertake) be substituted. The Committee explains that this modification is proposed solely in an effort to facilitate economic relationships between foreigners and Haitians. (Note: according to the oral statement of the President of the Senate, in reply to informal interrogations on the part of the Embassy, this change in wording would permit Americans to make investments in Haiti and to carry on businesses here on an equal footing with Haitians themselves.)

Article 36:
The Committee proposes that this article henceforth be known as No. 21, and that it be drafted to read simply as follows: “All cults and religions are equally free and recognized. Each person has the right to profess his religion and to exercise his cult, so long as to do so does not disturb public order.”

Article 42:
The Committee proposes that this article be redrafted, that it be numbered 28, and that it read as follows:

“French is the official language. Its use is obligatory in public services.”

The Committee expresses the opinion that Créole should not be recognized or permitted as a medium of expression in political assemblies.

Articles 128 through 131:
The Committee, with reference to these several articles, suggests that “those articles of the 1932 Constitution which better meet the situation be incorporated in the place of the articles under reference.” It recalls that “a certain Accord signed between the State (of Haiti) and the representative of the 1922 Loan provides that the National Bank of Haiti and the Department of the Interior enjoy the privilege of establishing the Communal Budgets, and that similar subjects had best be left to the care of legislators.”

It is expected that this report will shortly be debated in public by the General Assembly, and that considerable opposition will be voiced
by the leftist parties, which have already voiced their disapproval through their press organs.\textsuperscript{54}

\textbf{TITTLMANN}

838.011/11-2046: Telegram

The Ambassador in Haiti (Tittmann) to the Secretary of State

\textbf{RESTRICTED}

PORT-AU-PRINCE, November 20, 1946—4 p. m.

[Received 6 p. m.]

500. ReEmbtel 497, November 18.\textsuperscript{55} Constituent Assembly yesterday voted articles 5 through 21 of Committee's report on constitution after making following changes:

Article 10 amended to permit a foreigner to own more than one residential dwelling although not more than one in each locality.

Article 17 formerly 15 amended by substituting "diriger" for verb "entreprendre", stated to be necessary in order that Americans investing capital in Haiti may be able to control investment through Haitian manager which they may select. As it now stands, this article declares that only Haitians of origin may engage in retail trade and become managers of small industries and devote themselves to other activities as defined therein.

Article 21, dealing with freedom of worship, was finally voted without modification as recommended by Committee but only after heated debate.

Assembly today proceeded to vote articles 22 through 99 without material modification.

\textbf{TITTLMANN}

\textsuperscript{54} The General Assembly met on November 15 and heard the first reading of the Committee's report on modifications in proposed new 1946 Constitution, according to telegram 494, November 15, 2 p. m., from Port-au-Prince. The only open criticism was made by a Senator who expressed disappointment and added that the Committee was endeavoring to emasculate the entire 1946 project and that evidently some "foreign mission in Haiti" had brought pressure to bear. (838-011/11-1546)

In telegram 497, November 18, 2 p. m., the Ambassador reported that at the opening of the Constituent Assembly on November 18, another Senator bitterly accused the Committee of having been unduly influenced by the United States and called for rejection of the Committee's report. In voting on the Committee's report, only three were opposed to its acceptance. The Assembly then proceeded to vote definitively the first four articles of report without modification except that in article 1 the words "and social" were added to last sentence. (838-011/11-1846)

\textsuperscript{55} Not printed, but see footnote 54, above.
The Ambassador in Haiti (Tittmann) to the Secretary of State

RESTRICTED

PORT-AU-PRINCE, November 22, 1946—3 p. m.
[Received 4 p. m.]

504. ReEmtrol 500, November 20. Constituent Assembly today terminated duties after definitively voting the proposed 1946 constitution with following amendments in addition to those already reported.

Article 73 was changed to read substantially as follows:

No monopoly may be granted to anyone other than the State and the Communes, although the State and the Communes in the exercise of these privileges may accord them to societies and companies. This would appear to give wider discretionary powers to President.

Article 22 regarding right to strike was eliminated completely after heated debate and as recommended by committees report. Complete text of constitution will be forwarded earliest possible.

TITTMAN

Memorandum by Mr. Charles C. Haugh of the Division of Caribbean Affairs

[WASHINGTON,] December 2, 1946.

In the final version of the new Haitian Constitution 56 the status of the several articles to which the Department took exception is as follows:

1. Article claiming Navassa as Haitian territory. This claim remains in the Constitution, but this is a customary provision in previous Haitian Constitutions, and were simply reserving our rights.

2. Article restricting amount of land foreigners will be permitted to own. In the final version all restrictions of this type were stricken out. There remain certain limitations on the number of residence and commercial buildings foreigners will be permitted to own. In general, this article is now satisfactory to us.

3. Article defining a Haitian corporation as one 50 per cent of whose stock is owned by Haitian citizens or the Haitian state. This article was stricken out in the final version.

56 Copies of the Haitian Official Journal, Le Moniteur (No. 123), of December 23, 1946, containing the full text (French version) of the new 1946 Constitution as promulgated, were transmitted to the Department in despatch 202 of December 27, 1946 (838.011/12-2746); an English translation of this text was transmitted to the Department in despatch 323, February 28, 1947 (838.011/2-2847).
4. Article requiring that only Haitians born of native Haitian parents may engage in retail trade, become managers of small industries, and devote themselves to all other commercial, industrial, and professional activities such as the law shall determine. This article remains practically unchanged in the final version, despite our representations. However, it is generally believed that it is not intended to apply its provisions against any but Syrians, and Americans in Haiti who might be affected do not appear to be perturbed by it.

5. Article calling for the progressive nationalization of the clergy. This provision, against which we made representations on the grounds that it might bar American clergymen and missionaries from Haiti, was omitted from the final version.

6. Article providing that communal budgets shall be voted by communal councils. This article, against which we protested as a violation of the Executive Agreement of 1941 regarding Haitian finances, was altered in a manner deemed satisfactory to this Government.

Attachment: Port-au-Prince’s telegram 504 of November 22, 1946.57

EFFORTS TO EASE THE BURDEN OF HAITI’S FOREIGN DEBT WHILE PROTECTING THE INTERESTS OF AMERICAN BONDHOLDERS 58

Memorandum Prepared in the Department of State

[WASHINGTON,] January 5, 1946.

HAITI, CURRENT PROBLEMS

1. Debt Negotiations.

Negotiations are underway in Port-au-Prince for the signature of a Supplementary Executive Agreement to the Executive Agreement of September 13, 1941,59 in order to formalize the understanding that Haiti will pay $700,000 amortization during the current fiscal year on its 1922 and 1923 bonds,60 it being understood that $300,000 of this will be paid only if it appears by the end of the first half of the fiscal year (March 31, 1946) that Haitian revenues will reach 35,000,000 gourdes.

57 Supra.
59 For documentation on the financial agreement of September 13, 1941, see Foreign Relations, 1941, vol. VII, pp. 322 ff.; for text, see Department of State Executive Agreement Series No. 220, or 55 Stat. (pt. 2) 1348. The proposed supplementary Executive Agreement was transmitted to Port-au-Prince in instruction 501, December 5, 1945 (not printed).
60 For terms of the Series A loan of $16,000,000 in 1922 and the Series C loan of approximately $4,000,000 in 1923, see Foreign Relations, 1922, vol. II, pp. 515-516, and ibid., 1923, vol. II, pp. 420-423.

798-315—69——60
President Lescot has indicated his dissatisfaction with the present schedules for repayment of Haiti's foreign obligations and has not accepted a proposal by the Department and the Export-Import Bank for a 20-year consolidation and refunding of the J. G. White and SHADA credits by the Bank. He objects to the interest rate of 4 per cent and apparently feels that some adjustment should be made in the SHADA indebtedness on the grounds of American mismanagement of that organization. He also seems to believe that an adjustment in Haiti's third principal foreign obligation, namely the 6 per cent bonds of 1922 and 1923, should be made as part of a general revision of Haiti's total foreign debt, even though this cannot be done as part of an Export-Import Bank refinancing plan.

As an indication of his dissatisfaction with the recent refinancing proposal of the Export-Import Bank and the present amortization schedules for the 1922 and 1923 bonds, President Lescot has authorized the New York law firm of Pruitt, Hale and Coursen to act as the Haitian Government's representative in further negotiations with the Bank and the bondholders. The Department is informing the law firm and President Lescot that it cannot deal with any but the accredited diplomatic representatives of the Haitian Government in any problem between the two Governments.

2. Reorganization of SHADA.

As part of the 20-year refunding plan of the Export-Import Bank, it was proposed by the Bank that it should withdraw its representative from the SHADA board and return all SHADA stock to the Haitian Government. This is in line with the Bank's and the Department's

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61 The so-called J. G. White credit was a loan to the Haitian Government by the Export-Import Bank in 1938 for public works purposes (roads, water supply for Port-au-Prince, etc.). A contract of July 6, 1938, between the Haitian Government and the J. G. White Engineering Corporation of New York provided for the execution of the program (Le Moniteur, Journal Officiel de la République d’Haiti, July 7, 1938). (838.51/3651, 3673)

62 SHADA, Société Haitiano-Américaine de Développement Agricole, a Haitian corporation set up in 1941, largely at Haitian instigation, financed by a $5,000,000 credit from the Export-Import Bank for the purpose of diversifying and developing profitable Haitian enterprises; see Department of State press release of May 5, 1941, Foreign Relations, 1941, vol. vii, p. 386.

63 In a memorandum of May 22, 1946, Mr. Charles C. Hauch of the Division of Caribbean and Central American Affairs reported on a conversation with the Co-President, National Bank of Haiti, W. H. Williams, concerning Haitian Financial questions and SHADA. He indicated that Mr. Williams, a member of the SHADA Board, felt that some scaling down of the SHADA debt should be effected when the notes came due and based this assertion on overcapitalization and unwisely planned and unsuccessful hevea rubber projects carried out by the first American management of SHADA. He added: “It was pointed out that the Haitians perhaps bore equal responsibility for any mismanagement which may have taken place, since former President Lescot gave complete backing to the first American management until it proved a failure and the three Haitian members of the six-man Board were most reluctant to speak out against the unwise projects being undertaken.” (838.51/5-3146)
policy of withdrawing from direct participation in foreign development corporations. Acceptance of this change has been held up by President Lescot’s dissatisfaction with the whole refunding plan. He has, moreover, expressed on several occasions his opposition to what he terms in effect “the Bank’s attempt to withdraw from further responsibility for SHADA operations at a time when its previous mismanagement of SHADA is placing the Haitian Government in a difficult position with regard to repayment of the loans.” Until his expression of dissatisfaction with the Government’s refunding proposal, however, it was believed he would accept the Bank’s withdrawal from direct participation in SHADA as part of the refinancing plan.64

3. Relations with the Dominican Republic.

[Here follows comment on relations with the Dominican Republic, the political situation, and the Haitian negative reply to the Uruguayan proposal regarding the possibility of collective intervention in those American Republics which flouted fundamental human rights and international obligations.]

838.51/9–1946: Telegram

The Acting Secretary of State to the Ambassador in Haiti (Tittmann)

CONFIDENTIAL

WASHINGTON, September 20, 1946—4 p. m.

272. Embs reports show govt revenues and foreign trade balance highest for many years and Dept sees no justification drastic proposal described urtel 384 Sept 18.65 Please advise Foreign Minister informally Dept knows no reason Haiti should not make necessary arrangements meet contractual obligations in full except when specific arrangements previously made with creditors for departure from that principle, pursuant practice past years. This practice in case of

64 The proposed refinancing plan had been sent by Ambassador Wilson to the Haitian Foreign Office in December 1945 and was being considered by the Lescot administration at the time of its fall on January 11, 1946; for documentation on the question of recognition of the Military Executive Committee which assumed control of the Government, see pp. 902 ff.

Ambassador Wilson noted in despatch 1415, April 15, that recognition of the Provisional Government of Haiti under direction of the Military Executive Committee rendered it possible to consider resumption of negotiations; he submitted data on the financial status of the Haitian Government and a proposal by Mr. Williams that the proposed Executive Agreement be modified so that the final payment of $300,000 due in 1946 might be payable in July, August, and September instead of May, June, and July (838.51 Cooperation Program/4–1546).

65 Not printed; in it Ambassador Tittmann reported on receipt of a note of September 16 from the Haitian Foreign Minister describing Haitian financial and economic situations and requesting a moratorium for the coming fiscal year on the 1922 loan, as well as J. G. White and SHADA obligations (838.51/9–1946).
6 percent bonds described Dept 264 Sept. 13.\textsuperscript{66} Instructions for formal reply will be transmitted to Embassy upon receipt of Haitian note.

Emb also requested inquire whether global budget mentioned urgram 321 Sept 10 \textsuperscript{66} includes expenditures for amortizations. Dept believes these ams should properly be included, pursuant article 5 para (a) Executive Agreement Sept 13, 1941.

\textsuperscript{66} Not printed.

\textsuperscript{66} Note from the Haitian Foreign Minister, described in telegram 384, September 18, from Port-au-Prince; neither printed.
revenues probably available to Haiti in 1946-47, the Export-Import Bank should not be asked by Haiti to accept payments for interest and amortization on the Public Works obligations less than those provided in the contract between the Haitian Government and the Export-Import Bank now in effect. With reference to the SHADA obligations, my Government is unable to understand on what basis the Haitian Government now requests a moratorium, since SHADA is a corporate entity in its own right and the Government's contingent liability for payment of SHADA's obligations does not assume importance unless and until SHADA is unable to meet them. No information has been received by the Export-Import Bank from SHADA that the latter is unable to fulfill its commitments and this Government knows of no reason that payments should not be made pursuant to the agreement with the Export-Import Bank.

"My Government strongly believes that it is to the best interests of Haiti that its financial prestige be maintained on a high level by payment of service on its obligations to the fullest extent within its power. In periods of high government revenues, like that of the present time, this policy presents an opportunity for reduction of the cost of public debt service by a program of regular amortization which would diminish the cost to be met in future periods, when revenues may be considerably less. My Government is confident that at the present time Haiti will be able to meet its obligations faithfully and at the same time to carry out a reasonable program of public improvements."

Sentence mentioning $700,000 to be included only as last resort if Emb is convinced full contractual payment will not be forthcoming.

Dept authorizes Emb present foregoing as note or at its discretion, convey substance to Haitian Govt in formal note and supplement such note with informal conversation designed impress on Govt advantages reducing debt while revenues still high.

Foregoing will serve as reply to urtels 377 Sept 12, 394 Sept 23, 406 and 407 Sept. 26, and despatch 1697 Sept 19.\(^{68}\)

Reurtel 407 Sept 26 it is duty of Bank Board to formulate 1946-47 budget and set aside funds for debt service in accordance with terms Executive Agreement 1941.

CLAYTON

[The Haitian Foreign Office, in a note dated October 9, offered the following counterproposal for the 1946-47 fiscal year: 1) Payment in full of interest on both the AC and public works loans amounting to $468,408.21; 2) amortization payments on AC bonds amounting to $350,000; and 3) amortization payments on the public works loan amounting to $400,000.]

\(^{68}\) Telegrams 377, 406, and 407, and despatch 1697, not printed.
The Acting Secretary of State to the Ambassador in Haiti (Tittmann)

CONFIDENTIAL

WASHINGTON, October 11, 1946—7 p. m.

293. Pending receipt note 69 summarized urtel 430 Oct 9, 70 Emb requested inform Foreign Minister either formally or informally at its discretion, 71 as follows:

(1) As stated in Emb note Oct 2, all agreements and contracts continue in full force and effect until modified by agreement. Since no such modification made to date Dept perceives no authority for giving notice to National Bank or approving any variation from terms of either Executive Agreement 1941 or Eximbk Public Works Loan contract.

(2) With specific reference amortization payments AC bonds, Emb requested refer to its note Oct 2 (based on Depts 282 Sept 27) wherein it was stated this Govt not prepared suggest bondholders accept amortization less than $700,000.

(3) Referring specifically amortization Public Works notes Dept believes Haiti in position to pay amortization $800,000.

(4) Finally, Dept assumes omission of any reference to SHADA obligations in Haitian Govt’s proposal is due to Govt’s belief service these obligations current fiscal year will be met by SHADA itself. Should this not prove to be the case, Dept assumes Haitian Govt will fulfill terms of agreement with Eximbk.

However, with reference to both Public Works Notes and SHADA obligations Dept requests Emb call attention to outstanding offer stated in Emb note to Govt Sept 29, 1945 (see also Depts 327 Sept 25, 1945 72).

ACHESON

69 Note of October 9 from the Haitian Minister for Foreign Affairs was transmitted to the Department in despatch 32, October 10, not printed.
70 Not printed.
71 Ambassador Tittmann advised the Department in telegram 482, November 8, 3 p. m., that the contents of the Department’s telegram 293 had been conveyed in writing to the Haitian Government as an interim reply on October 14, and requested that a definitive reply be forwarded to the Embassy from the Department as it appeared the Haitian Government was waiting to take necessary budgetary action until a definitive reply was received. In response, Acting Secretary Acheson requested (telegram 317, November 14, 11 a. m.) that the Embassy draft note to Haitian Government along lines of interim reply contained in telegram 293 of October 11 as definitive reply. (838.51 Cooperation Program/11–846)
The Ambassador in Haiti (Tittmann) to the Secretary of State

CONFIDENTIAL

PORT-AU-PRINCE, November 9, 1946.
[Received November 12—12: 47 p. m.]

A-389. (1) Following is text of confidential memorandum, dated November 7, signed by Williams and Pearson and submitted to me for my information:

"Yesterday, November 6, Mr. Pearson and I were advised by the Minister of Finance that the President 72a desired to see us. On our arrival, he opened the conversation by saying the Bank seemed to be blocking every proposal of his Government, and he had come to the conclusion that it was evidently following a definite policy. The President then opened up the question of using free balances (or surplus at the end of the last Fiscal Year) in the Treasury for agricultural projects, etc. He then went on to say that it was his understanding that after the Board of Directors of the Bank had set up the reserve to meet seasonal variations in revenues, that any additional amounts would be available to the Government for new projects. I told him the reason the Bank Board had suggested a delay in the spending program was that the expenditure budget for the present Fiscal Year had not been definitely established, nor could it be until the amount of the debt payments had been agreed upon by the two Governments.

"This brought on quite a bitter reply, that he was doing everything to cooperate, and not getting any results. He continued, sometimes I ask myself if it is the policy to keep this country as it is, and that you are carrying out that policy. He stated he was the rampart holding back the tide of Communism, and again inferred he was receiving no assistance. He had taken office with the determination to do something, but that if he could not, he would go to the Legislature and the people, and tell them that he could not accomplish anything, and the reason for it, meaning no assistance from us. He further stated that the Bank could help if it desired, etc.

"He seemed irritable, hostile, emotional, and inclined to blame the United States and the Bank for his inability to make a complete change overnight. With regard to the debt payment, which he again brought up, he said while he himself felt that they were entitled to ask for a complete moratorium, the Council of the Secretaries had felt they should make some payment; hence the counterproposel. He said he had had no reply, and regretted that he had made the offer, and added that it wasn't their fault that Haiti was in the Western Hemisphere. The impression we gather is that he is in the frame of mind where, if he cannot get some help to accomplish what he has set out to do, his reaction is unpredictable."

/signed/ W. H. Williams Thomas Pearson

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72a Dumarsais Estimé, elected President of Haiti August 16, 1946.
Williams and Pearson called immediately to report the interview, and appeared considerably upset by President’s attitude, since they did not feel that he had been altogether play-acting. They told me further that Estimé had also intimated to them that he was convinced Williams was under orders from United States Government to withhold funds needed by the Haitian Government for agricultural projects. Margron later confirmed this to Williams, adding that the President felt that we were endeavoring to exert pressure in this way in order to obtain changes in the proposed 1946 Constitution desired by us. Incidentally, on the same afternoon as Estimé interview, and apparently as result thereof, Bank Board ruled to release additional 2 million gourdes from budget surplus to Haitian Government for projects mentioned, the first million for this purpose having been released by Bank Board several weeks before.

(3) Pettigrew, who is here for SHADA meeting, saw Estimé November 8, and reports same impression Williams and Pearson, namely, that President is in highly emotional state. During interview President told Pettigrew that workers on Plantation Dauphin, in which Pettigrew is interested, would have to be paid one dollar per day minimum wage, and that two thousand of the unemployed presently in Port-au-Prince would have to be transported immediately to the plantation and put to work there. Pettigrew stated requests were presented as kind of an ultimatum, with immediate reply demanded, etc.

(4) Both Margron and Estimé have informed Pettigrew that it is the intention of the Haitian Government to ask for the cancellation of the entire SHADA debt.

(5) I saw the President today, and found him composed. I took the occasion to correct any misconceptions that he may have had regarding the functions of Williams, and he seemed to be convinced by my statements.

TITTMANN

838.24/12-546

The Acting Secretary of State to the Haitian Chargé (Zephirin)

WASHINGTON, December 5, 1946.

Sir: I transmit herewith two copies each of Statement LL-9 and supporting schedules reporting charges made against the Government of Haiti during the period from March 1, 1946 through May 31, 1946.

For documentation on this subject, see pp. 912 ff.

Robert L. Pettigrew, President and General Manager of the Société Haitiano-Américaine de Développement Agricole (SHADA).

None printed; earlier statements showing charges made against the Haitian Government were transmitted to the Haitian Embassy in notes of May 16 and October 3, 1946 (838.24/5-1646 and /10-346).
for material transferred in accordance with the Lend-Lease Agreement signed on September 16, 1941 by representatives of the Republic of Haiti and the United States of America.

It will be noted that charges during the period under reference were $5,899.10, and that charges through May 31, 1946 aggregate the grand total of $1,413,836.92. Of the grand total the appropriate percentage now due on account is $50,000. Since payments totalling $40,000 have been received the balance now due is $10,000.

It is requested that the enclosed statement and supporting schedules be treated by the Government of Haiti on a most confidential basis.

Accept [etc.] For the Acting Secretary of State:

SPRUILLE BRANDEN

888.51 Cooperation Program/12-1146

The Ambassador in Haiti (Tittmann) to the Secretary of State

[Extracts]

CONFIDENTIAL Port-au-Prince, December 11, 1946.

No. 168 [Received December 12.]

Sir: With reference to the Embassy’s telegram 485, November 12, I have the honor to submit below some observations which might be helpful to the Department in preparation for the forthcoming trip to Washington of the Haitian Finance Minister, M. Margron, for the purpose of discussing Haiti’s debts with the American authorities.

In order that there might be no misunderstanding with regard to the terms of reference of Margron’s visit, I handed him personally on November 30 last a copy of the following statement based on the Department’s telegram no. 316.77

“The Department of State and Export-Import Bank perceive no objections to the visit to Washington of the Finance Minister to discuss refunding the obligations of Haiti to the Export-Import Bank (Public Works and SHADA Loans), provided it is clearly understood that (a) he is making the trip on his own initiative; (b) his reception by the Export-Import Bank or Department of State does not imply willingness to consider debt reduction. The Department of State is not prepared to suggest to bondholders any proposal less favorable than has already been indicated (amortization of $700,000).

“Furthermore, Export-Import Bank at this time is firmly opposed to any arrangement that would waive any portion of indebtedness to Bank. Therefore it would appear desirable that Haitian Government should not arouse false hopes or publicity regarding what might be accomplished on trip.”

Respectfully yours,

HAAROLD H. TITTMAN

77 For text, see Foreign Relations, 1941, vol. VII, p. 319.
77 Not printed.
Memorandum of Conversation, by Mr. Charles C. Hauch of the Division of Caribbean Affairs

CONFIDENTIAL

WASHINGTON, December 23, 1946.

[First Meeting]

Participants: Mr. Braden—A—Br  Mr. Stenger—ED
   Mr. Wright—A—Br  Mr. Cady—ED
   Mr. Smith—A—Br  Mr. Corliss—FN
   Mr. Briggs—ARA
   Mr. Trueblood—ARA
   Mr. Barber—CAB
   Mr. Hauch—CAB
   Ambassador Joseph D. Charles—Haiti
   Finance Minister Gaston Margron—(Members of special mission of Haitian Government)
   Dr. Georges Rigaud

After introductions, Minister Margron handed Mr. Braden a note dated December 18 to the Secretary from the Haitian Foreign Minister concerning the membership of the special Haitian mission delegated to hold discussions with this Government. He then presented Mr. Braden with a note dated December 23 setting forth specific requests of the Government of Haiti. These were concerned principally with United States-Haitian financial relations.

Ambassador Charles then outlined orally the requests of the Haitian Government on financial questions, as set forth in the note of December 23. He prefaced his remarks with the statement that the Government of Haiti wishes to strengthen the bonds of friendship which unite Haiti and the United States. He said that Haiti wishes to continue its development along democratic lines, but that its financial and economic situation does not favor the spreading of democratic principles. He also said that charges had been made in some quarters that the new Government of Haiti was communistics inclined, but asserted that on the contrary it was the Haitian Government’s purpose to combat communism and promote democracy. In order to achieve this objective, the cooperation of the United States in the readjustment of financial arrangements was deemed necessary.

36 Not printed.
37 Not printed; it indicated that the Haitian Government requested (1) purchase of the 1922 debt by the Export-Import Bank, with more favorable conditions as to interest, due dates, and guarantees, (2) modifications in the White debt, (3) renunciation by the Export-Import Bank of any claim on the SHADA, and (4) a loan from the Export-Import Bank for well-defined projects for production and for the development of instruction (838.51/12-2346).
At the close of his presentation of the Haitian point of view on its financial arrangements with the United States, as set forth in the note of December 23, he stated that Haiti wishes to be an active and full member of the Inter-American family, and feels it can best achieve this goal through a realization of full internal economic development.

Mr. Braden assured the Ambassador and his colleagues of this Government’s willingness to cooperate with Haiti in all ways possible and of our sympathy for the objectives outlined by the Ambassador. He assured the Haitian representatives of the willingness of representatives of the Department and the other agencies concerned to discuss the several points presented in the Haitian note. Mr. Braden said that while fully desirous of cooperating with Haiti wherever possible, he was doubtful whether certain requests of the Haitian Government could be met. He referred specifically, in this connection, to the wish of the Haitian Government to have its privately held dollar bonds refunded by the Export-Import Bank and said it was his impression the Bank did not make loans for this purpose.

Mr. Braden mentioned that this Government’s policy towards cooperation with friendly nations has been set forth in various public statements by Government officials. He referred particularly to the radio address in which he and Mr. Briggs had participated during the previous week-end, in which this Government’s policy of closer friendship with regimes resting on the freely expressed consent of the governed had again been set forth. He reiterated that in conformity with this policy we were ready to examine United States-Haitian problems in the most friendly fashion. At the close of the meeting copies of this radio broadcast were given to the Haitian representatives.

Minister Margo concluded the discussion by stating that Haiti’s financial obligations were too heavy a burden, and that without the help of this Government along the lines of the proposal set forth in the note, Haiti could achieve very little economically. After some discussion as to proper procedure for negotiations in connection with the note, it was decided that the Haitian representatives would return to the Department on Friday, December 27, at 2:30 pm for discussions on the several subjects of interest. The Finance Minister indicated that the mission has no special schedule in mind and that its plans depend on developments. He said that he might return to Haiti before the conclusion of negotiations, and then come back to Washington, perhaps accompanied by the Foreign Minister. It might be inferred from this lack of a definite schedule that the mission’s program may depend on the turn of negotiations and the possible necessity of returning to Haiti for additional conversations with, and new instructions from, the President.
The Ambassador in Haiti (Tittmann) to the Secretary of State

CONFIDENTIAL

PORT-AU-PRINCE, December 24, 1946.
No. 200

[Received December 26.]

Sir: I have the honor to refer to the visit of the Haitian Finance Minister and his colleagues to Washington for the purpose of discussing financial matters with the American authorities including possibly the so-called “Financial Liberation.” There are submitted below certain observations, recommendations and suggestions which the Embassy considers pertinent to the subject of “Financial Liberation” and which it is hoped the Department will find useful should the Washington conversations turn upon that subject. In this connection reference should be made to the Embassy’s despatch no. 168 of December 11, 1946, beginning with page 5.

It is the Embassy’s belief that the Minister of Finance is the most influential member of the Haitian delegation and that it will be in reality his views which will prevail among the three. He is probably the only Haitian who is competent to discuss the situation with any degree of understanding, both from the standpoint of his mentality and training, as regards the full implications of what the Haitians are asking for. The fact that he has been trained for many years by the present American head of the Haitian National Bank and that he is particularly gifted in grasping the full implications of the national economic facts and possibilities which face Haiti, has made his choice as a negotiator a happy one for both parties to the discussions.

The Delegation will undoubtedly endeavor to discuss the revision (and perhaps even the complete abrogation) of the Executive Agreement of 1941. The portion of this agreement which is most offensive to the spirit of Haitian Nationalism is Article V. By this paragraph there appears no doubt to the Embassy but that the Haitian Government which signed the Agreement irrevocably delegated certain of its sovereign powers to the Board of Directors of the National Bank. In short, it terribly galls Haitian pride that their government has not the power of making its own budget (which is a function of the power of taxation) independently. Article V reveals with no possibility of misunderstanding the intent, when it states (a) the Board of Directors of the Bank shall estimate the expected revenues; suggest limits within which the various ministries, including the Garde d’Haiti, shall operate, and shall fix by agreement with the Government of Haiti the expenditures which are necessary for the operation of the Bank in its fiscal functions.
The sole power over its budget retained by the Haitian Government is (b) to estimate in detail the expenditures envisioned for each of the various ministries, including the Garde d'Haiti, within the limits suggested by the Board of Directors of the National Bank.

It is thus seen that the Haitian Government has in this Article V of the 1941 Executive Agreement delegated its sovereign power of the budgetary function to a power other than itself, a power that is, by international agreement, composed of one-half foreigners. Without the power to spend, the power of taxation (the very heart of Governmental power) is useless. In short this represents perhaps not taxation without representation, but a form of dependence which is just as distasteful to Haitians.

Based on the above observations the following are the recommendations of the Embassy which the Department may wish to take into consideration, with certain suggestions added:

Firstly, that the Executive Agreement of 1941 be revised so as to restore the full sovereign powers of budget making (and hence use of taxes after they are voted) to the Haitian Government.

Secondly, that the two Americans, now on the Bank Board, be retained in some capacity that will insure the monthly collection of the 1/2 of the annual principal and interest due to the bondholders as stipulated in Article VI of the present Executive Agreement and perhaps in a to-be-agreed upon advisory capacity.

Thirdly, that adequate machinery be included in the new Agreement for again installing the present or similar system of control at any time the required payments fail to be collected for any reason whatsoever.

In addition to the above recommendations, the following suggestions are added:

(a) That there be included in the new Executive Agreement a provision to the effect that a competent Haitian be appointed to head the Haitian financial system and that such person must have prior approval of the American Government.

(b) That should such appointee fail to meet the requirements for adequate safeguards regarding the repayment of the series A and C bonds, he be recalled on the demand of the American Government.

(c) That a new appointment be made satisfactory to the American Government within a specified time.

(d) That in the case of failure of the two governments to agree upon a man by the end of the specified time, the situation should then revert to the status of the 1941 Executive Agreement until such time as the two governments are agreed upon a new person.

(e) That at all times when there is no Haitian acting as provided for in the new Executive Agreement, the two Americans, now on the Board and who will presumably be retained here in some capacity, shall fill the office to ensure that all functions are carried out efficiently in the interim.
That the American Government suggest that Gaston Margron be the Haitian employee to fill the financial office, as he is perhaps the only Haitian at this time who is considered to have the capacity to grasp fully the operation of Haitian finances (including any sound revision of present tax laws or any new sources of taxes), and to employ the necessary protective measures against political intrusions.

The Embassy is of the opinion that Margron personally would welcome an arrangement along the above lines rather than the outright complete abrogation of the present Executive Agreement, for the simple reason that he knows that once the complete control of Haitian finances is returned to Haiti, politicians will control all appointments. In the latter case, after his release from his present post as Secretary of State for Finance, his old job in the National Bank now being held open for him, would vanish into thin air. It should not be overlooked that he is a career employee in the Bank, and that such employment would disappear and with it his own financial security upon the complete return of financial control to the Haitian Government.

Respectfully yours, 

HAROLD H. TIMMANN

838.51 Bondholders/12-2746:

Memorandum of Conversation, by Mr. Charles C. Hauch of the Division of Caribbean Affairs

[WASHINGTON,] December 27, 1946—2:30 p.m.

SECOND MEETING

Subject: Haitian dollar bond obligations

Participants: Ambassador Joseph D. Charles—Haiti
Finance Minister Gaston Margron—Haiti
Dr. Georges Rigaud—former Minister of Commerce and Agriculture, Haiti
Mr. Livesey—OFD  Mr. Cady—ED
Mr. Stenger—ED  Mr. Barber—CAB
Mr. Corliss—FN  Mr. Price—CAB
Mr. Hauch—CAB

Ambassador Charles and Finance Minister Margron opened the discussion by presenting a note requesting that during the negotiations now under way there be an amortization moratorium on the six per cent dollar bonds and the J. G. White credit. During such a moratorium period, Haiti would continue to meet all interest payments. Messrs. Livesey and Corliss stated that no one in the Department has

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50 Not printed.
51 Frederick Livesey, Adviser, Office of Financial and Development Policy, and James C. Corliss, Assistant Chief of the Division of Financial Affairs.
the authority to waive payments on the dollar bonds, and that this could probably not be done unless and until the present agreements are modified for this purpose. Finance Minister Margron stated that he felt consideration should be given to the proposal because (1) Haiti has always met its interest and (2) Haiti has paid more amortization than the schedule of repayment calls for as of this date. While agreeing with these factual statements of the Finance Minister, Mr. Corliss said that in order to retire the bonds by the maturity dates of 1952 and 1953, it would be necessary for Haiti to make heavy amortization payments. He added that even though Haiti is ahead of the repayment schedule at the present time, the recent schedule of amortization at $700,000 per year would not permit retirement by the maturity dates. It was left that the Department would study the Haitian request for a moratorium during the negotiations and would advise the mission later.

Mr. Livesey then referred to the first Haitian request in the mission's note of December 23, namely, the proposal that the dollar bonds be retired through a refunding loan from the Export-Import Bank. He stated that under existing legislation and policy of the Bank, it was impossible for this debt to be converted into an intergovernmental obligation in the manner proposed by the Haitians. He said that the purchase of privately held foreign bonds is not within the power of the Export-Import Bank, and said that the desirable method of handling such a refunding operation would be to obtain a loan from a private bank and pay off all the bonds. Since there does not appear to be any immediate prospect of such a private loan, the only way for Haiti to retire its present dollar bonds is to pay them off. He stated that rapid amortization would be to Haiti's advantage, since they bear the relatively heavy interest charge of six per cent.

Finance Minister Margron said that Haiti did not necessarily expect the Export-Import Bank to refund the bonds itself and to assume the debt. He said that if the Bank would make Haiti a loan, the Haitian Government itself would carry out the refunding operation. Mr. Livesey stated that this likewise would be impossible under the Bank's powers, because the Bank can lend only for purposes of promoting foreign trade. The purpose of any loan must be declared, and the Bank has no authorization to make loans for the retirement of private bonds.

Ambassador Charles said that the Government of Haiti fully understood that in ordinary circumstances the Government of the United States would have no responsibility for amortization of private bonds. He said that the case of the Haitian loan was entirely different, however, since at the time the loan was contracted Haiti was under a military occupation and was compelled to accept the loan. He asserted the loan was not a regular business loan, but was a political loan. He
added that the American occupation, of which he considered the loan to be one phase, was supposed to have been in the interest of both parties, but he felt that the present status of the loan was certainly not in the interests of Haiti.

The Ambassador went on to assert that economic and health conditions in Haiti do not permit Haiti to get rid of this loan on its present terms. He said that because of the origin of the loan the United States has a moral responsibility to assist Haiti in working out a new arrangement for repayment. He also referred to statements by high officers of this Government that it is our objective to help democratic regimes. He said that Haiti simply could not afford to continue to pay six per cent interest on the private bonds and four per cent on the J. G. White loan. He appeared to be highly agitated and said that in sending the mission to Washington the Government of Haiti had had full confidence that the Government of the United States would assist in the solution of Haiti’s financial problems.

Mr. Barber then said that the mission had been fully advised by Ambassador Tittmann before it left Haiti that the Government of the United States was ready at all times to discuss these questions with Haitian representatives, but that this did not necessarily indicate a willingness to accede to Haitian requests. Some discussion ensued at this point as to the meaning in English and in French of the word “confidence”, which had been used by the Ambassador, specifically whether in the French language it carried the same extreme meaning it does in English. The Ambassador reiterated that Haiti expected the Government of the United States would help them in ridding themselves of the bad financial situation in Haiti.

Finance Minister Margron then stated it would be a mistake to view the problem economically, since the most important aspect of the situation is political. He said Haiti did not expect either its creditors or the Export-Import Bank to view the problem from this point of view, but did anticipate that the American people (by this he apparently meant the Department) would give sympathetic consideration to the political needs of the situation in Haiti. At this point Dr. Rigaud said that the present Government must do something to meet the basic economic needs of the country, and that if it does not, further political unrest and revolutions will take place and the Government will fall from power. He said that the American occupation had come to Haiti to stop revolutions, and added that 25 per cent of the Haitian budget was too much for debt servicing.

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82 Willard F. Barber, Chief of the Division of Caribbean Affairs.
Finance Minister Margron asserted that Haiti has been getting along on what he termed a salary budget for the last several years. This does not leave sufficient funds for agricultural, public works, and other necessary developmental projects. He said that two classes of people particularly were suffering in Haiti, the city laboring group and the unemployed intellectuals. Both he and Dr. Rigaud said that it is not the producers and the peasants who are undergoing extreme hardship, but rather the two above urban groups.

Mr. Stenger inquired as to how agricultural projects would help these classes. Finance Minister Margron said that these projects would take the unemployed labor element out of the cities and put them to work in the country.

Mr. Cady inquired as to what per cent of the population fell into the class needing assistance. The Finance Minister estimated this group at ten per cent of the Haitian population. Dr. Rigaud emphasized the thirty to forty thousand intellectuals, who, he said, were young men of good education who could not find positions in Haiti and hence were potential political organizers and agitators. Mr. Hauch inquired whether a program of the type desired by the Haitian Government would benefit this group. Dr. Rigaud asserted that it would, and added that not only would agriculture be developed as a result thereof, but the general economy would be improved through an improvement in agriculture.

Mr. Livesey commented that it was somewhat strange that Haiti was seeking financial relief at one of the highest earning points in its economic history and stated that in this situation it appeared obvious that the desirable thing to do was to pay off six per cent obligations as quickly as possible. He asserted that Haiti was at the peak of its prosperity.

Finance Minister Margron said that Haiti was not at the peak of its prosperity for the following reasons:

1. Although Government revenues appear high, the purchasing power of the gourde has been reduced in recent years by one-half to two-thirds;
2. The seemingly high Government revenue figures have been caused in part by the imposition of high and undesirable taxes; and
3. Certain absolutely necessary expenses of the Haitian Government have increased and it is impossible to reduce them.

Ambassador Charles reiterated that the political phase of the program was the most important, that the new Government was imbued

\footnotesize{\begin{enumerate}
\item Jerome J. Stenger, Special Assistant, Division of Investment and Economic Development.
\item John C. Cady, Assistant Chief of the Division of Investment and Economic Development.
\end{enumerate}
with democratic principles, but that if it failed the situation would be very bad. He added that democracy would fail in Haiti unless this Government assists Haiti in its financial problems.

Mr. Stenger said that we appreciated receiving this background on the Haitian financial situation, but the specific point at issue at this part of the discussion concerned the Haitian request that the Export-Import Bank make a loan for retiring Haiti's dollar bonds, and as had been already pointed out, the Bank lacked power in this connection. Ambassador Charles again reiterated that Haiti was coming to the United States because the United States Government had, in effect, guaranteed the loan contracts of 1922 and 1923, and hence Haiti had the moral right to ask the United States Government for help. Mr. Barber said that this had been the procedure in the past, and that this Government had acted as an intermediary between the Haitian Government and its bondholders. He stated that we have gone to the bondholders to ask for a reduction in amortization when conditions in Haiti are bad. He said that it would be to Haiti's advantage to pay off its debt with what amounted to "cheap money", when, in fact, the debt had been contracted at a time of "hard money". Mr. Livesey said that in view of the impossibility of refinancing the bonds through the Export-Import Bank, the situation boiled down to what was, from the Haitian point of view, a choice of evils: (1) continue to pay six per cent interest charges and heavy amortization payments, or (2) go into default. The latter alternative would simply prolong the period of the loan, including the necessity of paying six per cent interest. Consequently, he again said the best solution is to pay off these bonds as fast as possible.

Ambassador Charles requested the Department to make a counter-proposal on the dollar bond question, if the Haitian request for refinancing by the Export-Import Bank is not acceptable. The representatives of the Department said that they could not put forward any counter-proposal at this time, but would give the matter consideration. Mr. Hauch asked whether the Haitians had looked into the question of a private refunding loan recently. Finance Minister Margron replied that they had not. Mr. Livesey said he did not think Haiti could obtain a more advantageous loan of this type at the present time.

The meeting having consumed more than two hours, it was decided at this point to resume discussions on Monday, December 30, at 2:30 pm, at which time the remaining three points in the Haitian note of December 23, regarding Export-Import Bank credits, would be discussed.
Memorandum of Conversation, by Mr. Charles C. Hauch of the Division of Caribbean Affairs

[WASHINGTON,] December 30, 1946.

THIRD MEETING

Participants: Dr. Adolf A. Berle, Jr.
Mr. Raymond Pace Alexander—Haitian Mission
Ambassador Joseph D. Charles—Haiti
Dr. Georges Rigaud—Former Minister of Commerce and Agriculture, Haiti
Mr. Livesey—OFD
Mr. Stenger—ED
Mr. Corliss—FN
Mr. Cady—ED
Mr. Barber—CAB
Mr. Price—CAB
Finance Minister Margron, Haiti
Mr. Hauch—CAB

The Haitian mission introduced Dr. Berle and Mr. Alexander as its advisers. Mr. Alexander is a negro attorney from Philadelphia.

Mr. Livesey then reviewed the previous meeting of December 27 regarding the possibility of Haiti’s obtaining a loan from the Export-Import Bank to refund its dollar bonds. Dr. Berle asked whether there was not some agency of the United States Government empowered to refinance the loan. He said that the refunding could be done in Wall Street, but that Haiti preferred to deal with the United States Government.

Mr. Livesey said he was interested in hearing that the loan could be refunded through private channels, since his previous impression had been that this probably could not be done at the present time. He said that he did not know of any United States Government agency which could put out funds for this purpose, but said that we would make a careful check on this matter. Finance Minister Margron reiterated the Haitian statement at the previous meeting that the question of the 1922–23 loan was basically a political matter, since it had been forced on Haiti in the first instance. He said that in view of this circumstance Haiti wished the United States to do all it could with the Export-Import Bank or any other arm of the Government to help Haiti to retire the privately held bonds on favorable terms.

Mr. Alexander stated that the issue was also social, since it offered the United States an opportunity to put into practice the principle of support for democracy and human rights which we have stated is one of our objectives. He referred particularly to the happy effect assistance to a Negro republic would have on the colored races everywhere, and added that it would also be a method of combatting communism
in Haiti. He said he felt it would be very unwise and unjust for the Department of State simply to refer Haiti to the Export-Import Bank for a decision on the Haitian request for financial assistance and not to take an active and sympathetic interest in the matter.

Mr. Livesey reiterated his previously expressed view that the Department has no intention of not interesting itself in the situation and of simply referring Haiti to the Export-Import Bank. However, assuming that the Bank could do nothing about refinancing the privately held bonds the question of payment would continue to be of primary interest to the Foreign Bondholders Protective Council. The Council had assented to the arrangements made in recent years relieving Haiti of full contractual amortization, and felt that in view of Haiti’s present favorable financial situation neither the Council nor the Department felt that the bondholders should be requested to accept this year treatment less favorable than that of the last two years. Finance Minister Margron stated that the financial situation was by no means favorable in Haiti and said that the seemingly high revenues were caused by the necessity of imposing additional and undesirable taxes. Mr. Livesey said that if Haiti were to pay less amortization during the current year than it has paid during the last two years, the American public concerned with financial questions would receive a very unfavorable impression of Haiti’s credit. Dr. Berle stated that the current figures for Haitian bonds demonstrate that Haiti’s credit is of the best, and he did not think the result of a partial moratorium would be unfavorable to Haiti’s international financial position. Returning to the basic issue of an Export-Import Bank refunding loan for the dollar bonds, Dr. Berle then inquired whether the Haitians would have the sympathy and support of the State Department in presenting the question to the Export-Import Bank.

No direct answer was given to this question, and Mr. Cady suggested that the discussion proceed to the remaining points of the Haitian note of December 23, in order that the Department might have an over-all picture of Haiti’s requests. Following this, the Department could give consideration to the requests and could decide what could be done on an over-all basis.

Ambassador Charles then discussed at length the second and third points of the Haitian note of December 23. With respect to the J. G. White credit, he asserted that the construction and public works carried out by that organization had been poorly done and that Haiti felt that “something should be done” about the interest and amortization on the Export-Import Bank credit advanced for this purpose. As for the SHADA credit, he stated that the Bank had advanced SHADA $5,000,000 for war products such as sisal, hevea and cryptostegia, and that the Export-Import Bank had been in actual control of SHADA
and had been guilty of gross mismanagement. In this connection he cited the report of Mr. Reed Hill, a former SHADA officer, who left that organization after a disagreement with its management.

Ambassador Charles went on to say that the Haitian Government had not been permitted to exercise any control with respect to SHADA. He also said that former President Lescot had wanted to demonstrate that the United States had the confidence, full support, and friendship of the Haitian people in the war effort. He said that the Haitian people had not wanted to interfere in any way in the management of SHADA because it had been said in the past that they were unwilling to cooperate with the United States and that there was considerable anti-American feeling in Haiti (Note: The Ambassador’s remark that Haiti had refrained from interfering with the management of SHADA would appear somewhat inconsistent with his first remark that the Haitian Government had not been permitted to realize any control of SHADA’s activities). The Ambassador then went on to present the usual Haitian claim that SHADA had expropriated lands, destroyed crops, cut down trees, and not compensated the peasants for their losses. He said that as just compensation for these losses the Haitian Government felt that the United States Government should cancel Haiti’s obligation to repay the entire SHADA loan, since Haiti considered that the injury it had suffered as a result of the program was its contribution to the war effort and that it should not be asked to assume any additional burden in this connection. He closed his remarks by emphasizing the extreme political and economic need in Haiti for cancellation of this credit.

Mr. Cady inquired as to the use to which Haiti would put additional funds which might be made available through a reduction of debt service charges. Ambassador Charles replied that these funds would be used for agricultural, drainage, and irrigation purposes.

Mr. Stenger then asked for a clear exposition of just what Haiti wished with respect to the two present Export-Import Bank credits. Finance Minister Margron replied that on the J. G. White credit Haiti was not asking for a reduction of the loan, even though it felt the work had been poorly done. He said that Haiti wanted a reduction of the interest rate and an extension of the period of amortization, since the present interest and amortization charges are too heavy. As for SHADA, he asserted that Haiti has lost more than the Export-Import Bank and the Rubber Development Corporation combined had put into SHADA’s activities. He said that the loss to the Haitian economy was at least $15,000,000, as against the Bank’s and the RDC’s investment of approximately $13,000,000. He repeated the Ambassador’s position that a proper adjustment would be to write off the SHADA credit.
Mr. Stenger stated that since the J. G. White and SHADA credits were loans from the Export-Import Bank, the Department could not take any action with respect to these credits without full consultation and agreement with the Bank. Finance Minister Margron stated that he was not asking the Export-Import Bank alone to cancel the SHADA credit, but was rather requesting that the Government of the United States, quite apart from any of its individual agencies, write off its share of war loss in Haiti. Aside from the SHADA credit, he said that what Haiti wants is a consolidation by the United States Government of its other debts into one credit with a more normal interest rate and an extended amortization schedule.

Dr. Berle then reiterated all the Haitian arguments in favor of a cancellation of the SHADA loan and asserted that SHADA has been and is a virtual failure. Mr. Barber said that Finance Minister Margron, as a member of the SHADA Board, is well aware that at the present time SHADA is operating at a profit. Mr. Margron said that this was true at the present time, but that he doubted whether this would continue during future years when amortization repayments become heavy.

Dr. Rigaud then said that it was in the cryptostegia phase of SHADA's activities that the loss to the Haitian economy had taken place. Mr. Hauch stated that no repayment of money used for cryptostegia was expected of SHADA or the Haitian Government, since the funds expended on this program were entirely RDC money and neither SHADA nor the Government of Haiti was expected to repay one cent. Some discussion then took place regarding the alleged damage to the Haitian economy from the cryptostegia project. The Haitian mission also stated that it was impossible to separate the cryptostegia phase of operations from the other activities of SHADA. Messrs. Hauch and Barber pointed out that a liberal arrangement had been agreed to by SHADA and RDC, with the approval of the Haitian Government, at the time the cryptostegia program was terminated in 1944 and that our position is that the cryptostegia question is closed. They also said that in order to assist Haitian landholders to restore cryptostegia lands to cultivation of food crops, this Government through the Institute of Inter-American Affairs had sent to Haiti an agricultural assistance field party. Messrs. Margron and Rigaud declared that Haiti was very grateful for the help given by this field party, but asserted that due to the very meager funds which the United States Government had contributed, the group had only been able to scratch the surface in helping to ameliorate distress caused by the cryptostegia project.

Mr. Alexander quoted from a bulletin of the Food Supply Division of the IIAA which had set forth the dislocation in the Haitian econ-
omy which had precipitated the sending of a food supply mission to Haiti. Mr. Alexander did not continue on with a statement with what the food supply mission had done to ameliorate this situation, and, therefore, Messrs. Barber and Hauch brought this to his attention.

During this discussion on cryptostegia, reference was made to the fact that various exports of Haiti had increased in volume during the period of cryptostegia operations and in the ensuing years. Although the Haitians made no statement that sugar exports had decreased during this period, Mr. Barber took the opportunity to refer to the decrease in Haitian sugar exports. The Haitians said that any decrease in exports was simply caused by the fact that there was less sugar to export, and that the British were continuing to receive the entire exportable surplus. Mr. Barber said that there was some indication in fact that some sugar not actually consumed in Haiti was not going to the British but was being disposed of in other ways, i.e., through black market operations. This the Haitian representatives denied.

The Haitian mission declared that if an impartial group of experts were to visit Haiti and make a survey of the damage caused by the cryptostegia program, their findings would corroborate the position of Haiti on this matter. At another point in the discussion, in response to Mr. Cady’s inquiry as to whether the mission had complete statistics and facts to support their claim that Haiti requires an easing of the debt burden, the mission replied that they did not have such material and if it were required they would have to return to Haiti to do a research job on this subject. However, they felt that such statistical information and facts should not be required by this Government because the essence of the problem was political and they thought it was somewhat irrelevant to place it on the basis of economic facts and statistics.

Mr. Stenger pointed out that any action by the Government in granting a new loan is now a subject for discussion and must be approved by the National Advisory Council on Economic Foreign Policy. He explained that this is a body composed of representatives from all United States Government agencies concerned with our economic foreign policy. The Department and the Export-Import Bank are, of course, represented, but they alone cannot decide such questions as granting new loans. The Haitian representatives said they appreciated this fact, but felt that the Department could and should advocate the Haitian case before the Council.

Dr. Berle said it was obvious that the Department should consider the Haitian requests and come forward with a long run plan for Haiti’s economic and financial future.
It was agreed that the next step should be for the Haitians to discuss their requests with the Export-Import Bank, and that representatives of the Department would accompany the Haitian mission for this purpose. Such a meeting had been arranged for 11 am Monday, January 6. In the meantime officers of the Department would give further consideration to the Haitian position.

The two and one-half hour meeting was then adjourned. Immediately following the departure of the Haitian representatives, the officers of the Department present informally discussed the Haitian requests. A tentative preliminary view was that it would probably be impossible to accede to Haitian requests on the dollar bonds and the SHADA credit at this time, but that the Bank might be willing to extend the J. G. White amortization schedule if it appeared that Haiti's financial and economic picture justified such an extension. This possibility would be explored with the Bank.