HAITI

UNITED STATES EFFORTS TO ASSIST HAITI IN SOLVING FINANCIAL
AND OTHER PROBLEMS

833.24/11-1147

The Department of State to the Haitian Embassy

MEMORANDUM

The Department of State refers to a conversation between Their Excellencies the Foreign Minister\(^2\) and the Ambassador of Haiti\(^3\) and Assistant Secretary Norman Armour held at the Department on January 9\(^4\) with regard to the Haitian Government's desire to obtain financial and technical assistance from the Government of the United States in connection with certain proposed projects in Haiti. It was noted that this matter has been the subject of several discussions and communications between the American Embassy at Port-au-Prince and the Haitian Government and that the former has requested of the Department of State this Government's views on the several questions raised by the Haitian Government. In the course of the conversation of January 9 it was agreed that the Department would make available to His Excellency the Foreign Minister through the Embassy of Haiti in Washington a memorandum summarizing the reply which the American Embassy in Port-au-Prince would simultaneously be authorized to make to the Haitian Government's inquiries on this subject.

Accordingly, the following points are presented for the information of His Excellency the Foreign Minister:

1. This Government is in accord with what is understood to be the previously expressed view of the Haitian Government that possible assistance by this Government in the development of the Artibonite Valley could best be accomplished through the activities of the Institute of Inter-American Affairs' Food Supply Mission in Haiti. This matter has been discussed with the Institute, which would be glad to cooperate on a mutually agreeable basis with the Haitian Government in its proposed irrigation project, and to this end it is suggested that

\(^2\) Edmé Manigat.
\(^3\) Joseph D. Charles.
\(^4\) Memorandum of conversation not printed.
the Haitian Government forthwith develop in conversations with the Chief of the Food Mission in Haiti a definite proposal for such cooperation. With respect to cooperation by the Institute with the Government of Haiti after June 30, 1948, this must depend upon the realization of the Institute’s plans for continuing its operations in Haiti after that date. These plans are contingent, among other factors, upon favorable Congressional action on the Institute’s proposed appropriation requests.

2. As regards the Haitian Government’s plan for hydro-electric development, it is regretted that formal cooperation in a project of this nature is not within the scope of the operational activities of the Institute of Inter-American Affairs. However, representatives of the Institute in Haiti, at the request of and through informal arrangements with the Haitian Government, could be of some assistance in providing general advice and in obtaining the services of a private engineering firm for this project.

3. Should the Haitian Government desire to obtain additional financial assistance from this Government for projects it wishes to undertake, the Export-Import Bank is prepared to consider requests from the Haitian Government for financial assistance provided that the Haitian Government will support its requests by an adequate demonstration of the use to be made of the proposed financial assistance requested. These views of the Export-Import Bank were expressed in its memorandum of March 7, 1947 to the Haitian Financial Mission then visiting Washington. That memorandum refers specifically to a request for a new credit but applies equally to a request for assistance in the form of prolongation of the repayment period of the so-called J. G. White Public Works Loan of 1938. As the Bank stated therein, “If the Haitian Government wishes to select the most urgent and most desirable projects from the Haitian point of view and secure competent engineering and other technical assistance in developing all of the relevant information regarding this selected project, the Bank would be prepared to consider it on its merits and in the light of prevailing conditions in Haiti at that time and the status of Haiti’s external indebtedness”. The Bank reiterates this view and points out that only on the basis of a soundly developed engineering plan and reasonably reliable estimates of cost would it be possible for the Bank and the Haitian Government to determine the amount of United States financial assistance required and the best means of providing such assistance.

The Department therefore suggests that if the Haitian Government wishes to request financial aid in any form from the Export-Import

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*Not printed.
Bank, it prepare such plans and cost estimates, utilizing for that purpose the services of qualified engineering firms or individuals.

4. In general, with respect to the Haitian Government’s desire to obtain immediate financial and technical help from the American Government in the projects set forth in President Estimé’s letter of November 29 to Ambassador Tittmann, this Government will be more than willing, as indicated in the foregoing paragraphs, to consider any specific and detailed requests for assistance the Haitian Government may wish to present. At the same time the Haitian Government may be assured of this Government’s sympathetic and continuing interest in efforts to develop the Haitian economy and to meet the world emergency need for foodstuffs, and of its willingness and desire to cooperate to these ends in any appropriate and mutually agreeable manner.

WASHINGTON, January 28, 1948.

*Not printed.

838.24/3-2448

_The Acting Secretary of State to the Embassy in Haiti_

CONFIDENTIAL

WASHINGTON, April 16, 1948.

No. 44

The Acting Secretary of State acknowledges the receipt of the Embassy’s airgram No. A-124 of March 1, 1948 and also Embassy’s despatch No. 135 dated March 24, 1948 concerning the full payment of the lend-lease indebtedness of the Government of Haiti.

For the information of the Officer in Charge and for the records of the Embassy there are transmitted herewith copies of a note from the Embassy of Haiti in Washington dated March 22, 1948—to which was attached a check in the amount of $33,000 in payment of the balance of the indebtedness under the “treaty” lend-lease account—and a copy of the Department’s note of acknowledgement to the Embassy of Haiti in Washington dated as above together with a copy of Statement LL-15 which accompanied the note.

It will be noted that the attention of the Government of Haiti has been directed to the fact that this settlement relates only to defense

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1 Neither printed; for the Department’s proposal concerning final settlement of the Haitian lend-lease responsibility, see airgram 287, December 29, 1947 by the Acting Secretary of State to the Embassy in Haiti, in _Foreign Relations, 1947_, vol. viii, p. 736.

2 Not printed.

3 Not printed; for the lend-lease agreement between the United States and Haiti, September 16, 1941, see _Foreign Relations, 1941_, vol. vii, p. 317.
aid transferred under the terms of the Lend-Lease Agreement and that outstanding unsettled accounts related to leased vessels and cash reimbursable transactions are subject to treatment apart from the lend-lease account in the matter of billing.

The Coast Guard Cutter, leased to Haiti under Charter Party Agreement, will be offered to the Government of Haiti at a very low price,—probably at $6,000. Billings for cash transactions are the responsibility of the Treasury Department and the latest information at hand does not change the figures given in the Department’s confidential instruction No. 25 of February 26, 1948. Should any change be reported to the Department the Embassy will be informed.

The good offices of the Embassy in the matter of the lend-lease settlement have proved very helpful to the Department.

*Not printed.*

838.24/5-1848

The Secretary of State to the Embassy in Haiti

CONFIDENTIAL

WASHINGTON, May 18, 1948.

No. 56

The Secretary of State refers to the Department’s instruction No. 44 of April 16, 1948 on the subject of the lend-lease accounts of the Government of Haiti.

For the information of the Embassy the Department has been informed by the Lend-Lease Fiscal Office of the Treasury Department that a statement covering “Lend-Lease Requisitions on a Cash Reimbursable Basis” billed through the period ending December 31, 1947 has been transmitted to the Embassy of Haiti in Washington. This statement indicates that, from a total amount billed of $24,989.81 and after deducting a credit amounting to $9,287.46, a balance of $15,702.35 remains due.

For the further information of the Embassy authority has now been granted to the Office of the Field Commissioner, Office of the Foreign Liquidation Commissioner, to offer to the Government of Haiti the Coast Guard Cutter, leased under Charter Party Agreement, at a price of $6,000. The original procurement cost of this vessel was $140,000.
Memorandum by Mr. Charles C. Hauch of the Division of Caribbean Affairs to the Assistant Secretary of State for Political Affairs (Armour)

CONFIDENTIAL

[WASHINGTON,] May 28, 1948.

Pursuant to your request for information on the present status on Haitian requests for Export-Import Bank credits, the situation is as follows:

The Haitian request of February 7, submitted via our Embassy in Port-au-Prince, solicited credits for five projects totalling sixteen and one-half million dollars. These include: (1) the Artibonite Valley development project; (2) three small irrigation projects in other areas; (3) sanitary and hospital equipment; (4) a road building project in the Artibonite; and (5) a tourist development project. The Bank's reply forwarded by airgram to Port-au-Prince on May 3 stated in essence that it would be willing to give further consideration to the Artibonite and road projects, but felt that consideration of loan requests for the others should be deferred. The Bank suggested certain additional information which it must have in order to give further consideration to the Artibonite project. The next move, therefore, is up to the Haitians.

A separate request for a loan of $4,000,000 was sent the Embassy in Port-au-Prince by note of May 4. This requested $2,000,000 each for a water supply project for Port-au-Prince and Cap Haitien and for slum clearance and new housing in Port-au-Prince. These projects had originally been part of the tourism loan request, but were detached and submitted as independent projects on May 4. The Export-Import Bank has been considering this most recent request and it is my understanding it will shortly send the Department at least a preliminary reply for transmission to our Embassy.

Memorandum of Telephone Conversation, by the Assistant Secretary of State for Political Affairs (Armour)

[WASHINGTON,] June 3, 1948.

I telephoned Mr. Martin 1 this morning and said I understood that the Haitian Ambassador (Mr. Charles) was to call on Mr. Gaston of

1 William McC. Martin, Jr., Chairman, Board of Directors, Export-Import Bank.
the Export-Import Bank today to discuss the following two Haitian loan requests: (1) the Artibonite Valley Development project; and (2) $4,000,000 request for a water supply project for Port-au-Prince and Cap Haitien and for slum clearance and new housing in Port-au-Prince. I hoped he would be able to give a few minutes of his time and sympathetic consideration to these requests, and I hoped something could be done for Haiti, provided of course the Bank felt there was reasonable assurance of repayment and it could properly endorse the projects. I had always felt that as a Government we had a moral responsibility toward Haiti which put it in a somewhat different category from the other American Republics; that Haiti is a very small country, right at our doorstep that has had a difficult time; and that Haiti’s record of payment on the 1922–23 loans had been good.

Mr. Martin said he entirely shared my viewpoint regarding our responsibilities toward Haiti and that he would be glad to study the requests himself and let me know the decision reached.

NORMAN ARMOUR

\[\text{S38.51/8-248: Aitgram}\]

\textit{The Secretary of State to the Embassy in Haiti}

\textbf{CONFIDENTIAL} \hspace{1cm} \textbf{WASHINGTON, July 1, 1948.}

A–156. Reference is made to Embassy’s despatch No. 195 of May 4, 1948,\textsuperscript{1} with regard to the Haitian’s desire to submit a separate application to Export-Import Bank for a $4,000,000 credit for improvement of the water supply system in Port-au-Prince and Cape Haitian and a housing project in Port-au-Prince. This despatch, together with a copy of President Estimé’s note of May 4, 1948 was referred to Export-Import Bank by the Department for its consideration. The following memorandum has been received from Export-Import Bank:

“The Export-Import Bank has considered the note presented to Ambassador Tittmann by President Estimé on May 4 and Embassy despatch No. 195 commenting thereon. As indicated in the Bank’s memorandum of April 30, the Bank believes that it would be wise from the points of view of both the Haitian Government and the Bank to concentrate attention and effort at this time upon a single large undertaking. Consequently, the Bank is not prepared to consider applications for credits to improve the water supply systems in Port-au-Prince and Cap Haitian or to undertake the low-cost housing in Port-au-Prince until plans for the Artibonite Valley project have been completed and a decision has been reached with regard to Export-Import Bank assistance in the financing of that project. If a credit should be extended for that purpose and if progress should be made

\textsuperscript{1}Not printed.
in the execution of the Artibonite Valley project, it might be appropriate to consider applications to finance additional undertakings. The Bank is sympathetic to the need of Haiti for a considerable number and variety of developments including some in the field of health and sanitation, but believes that it would be unwise to attempt to initiate a variety of projects of considerable magnitude simultaneously.

The Bank sees no objection, however, to the prosecution of studies and the preparation of plans by the Haitian Government, with appropriate technical assistance, for projects which may be undertaken in the future. It should be clearly understood, however, that there is no commitment on the part of the Bank to do anything more than to consider at some appropriate time in the future any plans or proposals which may be prepared and submitted. Furthermore, although the Bank has not been furnished any facts with regard to the proposed domestic water supply and housing projects, it is obliged to point out that in general such projects are rarely appropriate for financing by international loans. The Bank recognizes that such projects are desirable and often essential to the health and welfare of the people of all countries; however, they do not directly enhance the productive capacity of the country and thereby create the means by which there can be produced the additional goods out of which any loan must be repaid. The Bank prefers therefore to extend credits for projects which directly contribute to increases in production; it prefers ordinarily not to extend credits for projects which, although desirable, are not directly productive, unless of course repayment can be assured by other concurrent developments of a productive character.”

Please convey foregoing, in your discretion, to Haitian Government.  

MARSHALL

811.516 Export-Import Bank/12-2948 : Telegram

The Acting Secretary of State to the Embassy in Haiti

WASHINGTON, December 29, 1948—6 p. m.

237. Directors Eximbank Dec 29 approved Artibonite credit $4 million of which not to exceed $3.2 million to be used finance purchase US equipment materials services required for construction necessary flood control irrigation and drainage works including land clearing and certain minimum essential roads. Balance $800,000 to finance purchase US equipment materials services required in initial settlement and development irrigated area. Credit available to Dec 31 1951 to be repaid in 30 semiannual installments beginning 3 yrs after date first advance with interest 4 percent. Credit approved subject special terms and conditions certain of which must be fulfilled prior to disbursement funds.

Bank announcing to press for release Dec 31.
Credit as approved by Board differs from memo Haitians certain respects principally as follows (1) Bank agrees finance only cost US equipment materials services rather than 80 percent total cost (2) Bank requiring employment US technical assistance by Artibonite entity after completion construction and during operational period. Airgram follows.

Lovett