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Haiti: Prospects for the Duvalier Regime

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An Intelligence Assessment

State Dept. review completed

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*ALA 82-10156
December 1982*

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Haiti: Prospects for the Duvalier Regime

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An Intelligence Assessment

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This paper was prepared by [Redacted]

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**Haiti: Prospects for
the Duvalier Regime**

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Key Judgments

*Information available
as of 30 November 1982
was used in this report.*

Haitian President-for-Life Jean-Claude Duvalier's indecisive attempts to initiate even cosmetic political and economic reforms have begun to stir latent domestic forces that he will probably find less and less manageable over the next few years. His halting moves toward political liberalization and fiscal responsibility, his tolerance for the excesses of his wife and her family, and his perceived sellout to the United States on the boat-people issue are among the signals of weakness being detected by influential sectors of Haitian society. The underpinnings of the Duvalierist power structure—conspiracy, corruption, patronage, and fear—are slowly being undermined by Jean-Claude's vacillating style of rule.

Jean-Claude is not under any immediate threat. He is still served by zealously loyal leaders of the military services and their elaborate network of informants. Haiti's major interest groups, moreover, have not yet become so vexed by Duvalier's loosely implemented reforms that open opposition is to their advantage. The chronically plotting exile community—while a source of concern to Duvalier—is a feckless lot and poses little danger. Most of the impoverished and illiterate masses focus on simple survival, with the more enterprising ones looking for ways to escape to the United States or the Bahamas.

The country's rival interest groups, however, have had their hopes—or fears—piqued by Jean-Claude's rhetoric. Duvalier has now moved beyond lifting the reign of terror imposed by his late father, "Papa Doc," Francois Duvalier, and is publicly talking of possible local elections. This and his moves in the direction of fiscal rationality have heartened the would-be modernizers who will be pushing for reforms beyond the government's tolerance. These same actions have alarmed other, more numerous components of the power structure, whose vested interests would be threatened by tightened fiscal accountability or the development of a more open political process.

At the same time that these pressures are increasing, Haiti—the poorest country in the hemisphere—is becoming relatively poorer and is creating new challenges to test Duvalier's leadership. We expect Duvalier to have

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increasing difficulty coping with Haiti's economic problems while attempting to balance demands for reform against pressures for maintenance of the status quo. If, as we expect, he continues to demonstrate wavering leadership, the competition for power by conflicting interest groups will pose, over the longer term, an unprecedented challenge to the Duvalier dynasty.

In this environment, we expect Duvalier to maintain an ambivalent attitude toward the United States. The young President recognizes Haiti's dependence on Washington, but believes his country has not been sufficiently rewarded for its cooperation. This view, and Duvalier's own domestic political constraints, will continue to thwart US efforts to promote economic and political reform in Haiti.

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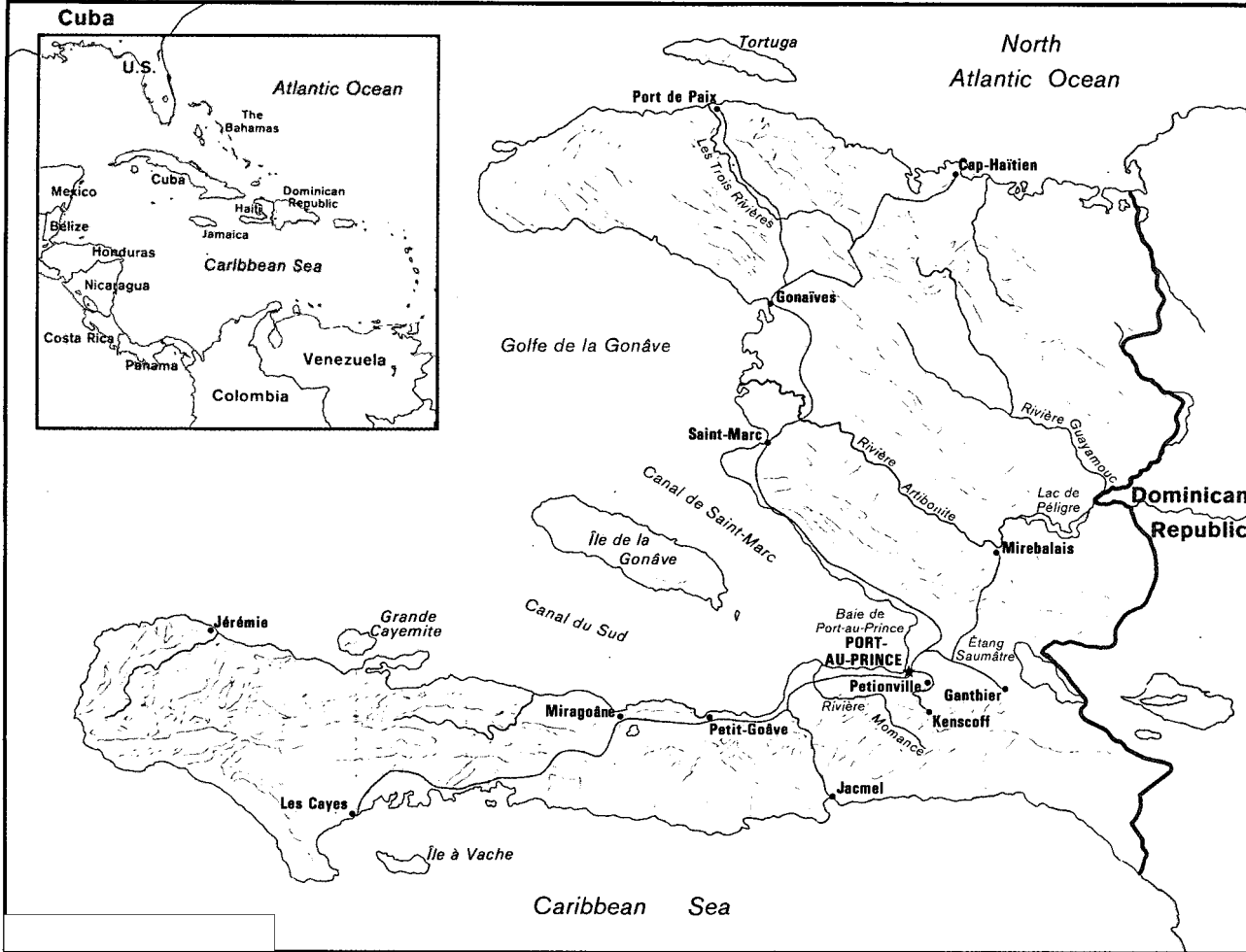
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Haiti: Prospects for the Duvalier Regime



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Introduction

Corruption and arbitrariness are still rampant in Haiti, but Duvalier's government generally is distinguished from his father's by its lack of violent repression and its attempt to give some attention to the country's desperate economic shortcomings. Although reasonably intelligent, Duvalier lacks the decisiveness that might provide a sense of direction and leadership. In recent years he has taken erratic but well-meaning steps to deal with economic problems and political pressures. His dabbling at reform appears to us inspired by his concern over the long-term prospects of his regime and a vague desire to improve the nation's dismal quality of life. Limited though they are, Duvalier's reform measures nonetheless are more than most Haitians have come to expect during the 25-year reign of the Duvaliers.

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The political impact of these reforms—especially on those Haitians imbued with Papa Doc's ruthless philosophy of government—and the increasingly tenuous state of Haiti's economy raise questions about Duvalier's ability to remain in power. This paper seeks to describe Jean-Claude Duvalier's political maturation, identify problems currently confronting the regime, outline Duvalier's amorphous attempts to deal with them, and analyze how the measures chosen will strike selected interest groups and how they could produce challenges to authority. In the light of this ferment, it also looks at prospective patterns in US-Haitian relations.

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The Political Maturing of Jean-Claude

The Early Years

Jean-Claude Duvalier became Haiti's President-for-Life at age 19 after his father's death in April 1971. He received his presidential grooming from advisers selected by his father and for some years he remained a faithful adherent to their guidance. At the outset, he demonstrated a preference—and quickly earned a reputation—for the pursuit of women and acquisition

of cars rather than affairs of state.



the young President readily accepted advice from his inherited palace clique, often implementing the recommendations of the last person to speak with him. His mother Simone, who held his trust and confidence, served as the principal conduit for the palace clique's interests.

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By the mid-to-late 1970s, Duvalier became more comfortable with the reins of power, and the government's sporadic implementation of more liberal policies reflected his erratic assertions of independence. Although still manipulable, he increasingly began to use his palace clique as a source of advice, not decisions. It is our view that, except when Duvalier's lingering insecurity has been fueled by reports of plots to overthrow him, he has tended to favor a political loosening of the system. These years were characterized by wide pendulum swings in policies, from tried-and-true repression to experiments in political openness. On his liberal arc, Duvalier would dismiss his Cabinet and bring in new personalities. Then, inevitably, rumors of exile or Cuban threats—usually inspired by hardline elements—would surface, unnerve Duvalier, and convince him to reinstate the hardliners to positions of power.

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In the past several years Duvalier's frequent policy shifts and associated cabinet shuffles caused the division of the power structure into two distinct advisory groups. A so-called old guard comprises holdovers from the regime of Francois Duvalier—including former armed thugs—who believe that order requires repression. As the younger Duvalier gradually assumed the role of Haiti's chief decision-maker in the late 1970s, this group found itself being pushed aside by a second group, the "Jean-Claudistes."

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The Legacy of Papa Doc

When he assumed the presidency in 1971, Jean-Claude Duvalier inherited a corrupt and politically primitive regime whose reputation for repression was exceeded only by its economic failings. For almost 14 years, Jean-Claude's father, Francois Duvalier, ruled Haiti by effectively manipulating the nation's two historical centers of power—the military and the mulatto elite—and by building a base of support among the black masses. The elder Duvalier's political supremacy was achieved by employing the traditional elements of Haitian sociopolitical culture—violence, corruption, intrigue, racism, voodoo mysticism, and nationalism.

Francois Duvalier recognized early that the military—as the nation's only broadly based institution—was crucial to the control of Haiti and he moved quickly to dominate it. He decentralized military authority, forcibly retired certain officers, and constantly shifted the assignments of those who remained. All vacancies were filled with loyal Duvalierists, predominantly blacks. Duvalier established special units to serve as counterweights to the rest of the military and to each other, which prevented the emergence of a potentially challenging military clique.

Duvalier's concept of "Negritude" stressed black African cultural achievements while vilifying the West European preferences exhibited by the mulatto upper class—a small group of leading merchant and intellectual families of mulatto, European, and Lebanese-Arab extraction. He used this concept to develop mass support by playing on the natural hostility of the large, impoverished black peasantry toward the

small but wealthy mulatto class. He employed thugs, most often the dreaded Tonton Macoutes, to terrorize the elite's leading members and extort financial contributions. The elite, which had shared power with the military in the past, finally fled into exile or gave in to Duvalier. Although the remaining members of the mulatto elite lost all political clout, they retained their economic position and later benefited substantially from some of Duvalier's policies, such as the suppression of labor unions. Today the term "mulatto elite" encompasses both light- and dark-skinned wealthy Haitians who, although co-opted by Francois Duvalier, still profess to oppose the Duvalier regime.

Francois Duvalier surrounded himself with loyalists, known as the palace clique, who served as government ministers, military leaders, and behind-the-scenes advisers. As with the military, Duvalier made individual members of the clique absolutely dependent upon him, rewarding competition rather than teamwork, which in the Haitian context is viewed as conspiratorial. By fostering rivalries, he effectively neutralized political opponents; fear and corruption were other important tools for controlling this coterie.

The Haitian peasant culture facilitated popular acceptance of the Duvalier regime. The elder Duvalier, appealing to the superstitions of the black masses, used voodoo to sanctify his position as President-for-Life and to ordain his only son as his successor. He successfully exploited nationalist sentiment as a rallying cry for mass support and manipulated this concept to equate anti-Duvalier sentiments with disloyalty to the nation.

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Breaking Lose and Taking Hold

Jean-Claude's departure from Papa Doc's legacy has been gradual and frequently inconsistent, so that definitive lines cannot be drawn between the old guard and the Jean-Claudistes, nor can Duvalier's policies be neatly categorized. Nevertheless, a general trend toward new personalities and some fresh ideas is discernable within the labyrinthine Haitian polity.

when the legislature—on instructions from Jean-Claude—decreed that Michele would become “First Lady of the Republic” in place of Simone, who was designated “Guardian of the Revolution.”

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His Own Group.

the Jean-Claudistes are characteristically pragmatic, professionally competent, and overridingly nationalistic. They generally share with the President an aversion to repression and an awareness of Haitian society's many shortcomings. Like their old guard brethren, some individual members of the group seek to manipulate the system for their own benefit. As a group, however, they seem intent on breaking Haiti out of its centuries-old isolation while aggressively defending its national identity and sovereignty—sometimes to the point of alienating friendly nations.

Michele's presence, however, has proved to be a two-edged sword politically. In effect, Duvalier's marriage to her was a symbolic declaration of his independence from the old guard. Initially, it seemed he had also gained in Michele an activist in his effort to improve Haiti's image. For example, she established the Michele B. Duvalier Foundation to administer social welfare programs for needy women and children.

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Lately, however, Michele Duvalier appears to have been inserting her influence adversely into politics to gain favors for the Bennett clan.

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Duvalier has been increasingly selecting his advisers on the basis of their professional skills. Although some of his choices were lesser figures in his father's palace clique, the newcomers admitted by Jean-Claude are generally younger, well educated, and ambitious. Loyalty, however, remains the most important factor. Duvalier's record clearly demonstrates that he will dismiss any official who shows even a modicum of independence. The most recent example of this was the dismissal in July 1982 of Finance Minister Bazin

The US Embassy also reports that many Haitians—both upper and lower class—view and criticize Michele and her family as opportunists. Moreover, public allusions to parallels with Argentina's Evita Peron are inevitable when Michele's activities are discussed—the foundation bearing her name, her expensive taste in clothes and jewelry, her attendance at cabinet meetings, and her populist forays into the countryside to distribute money. We believe that she may, in time, become a liability to Jean-Claude.

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Cautious Experiments. US Embassy reporting indicates that a group of Jean-Claudiste ministers were responsible for Duvalier's “liberalization” program that in 1980 legitimized some opposition parties and relaxed restrictions on the Haitian media. It is our assessment that these moves were spurred by the linkage between human rights and concessional aid made by the Carter administration and only secondarily by a genuine desire to improve Haiti's image.

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Duvalier's marriage to Michele Bennett in May 1980 was, in our view, a dramatic symbol of his disengagement from the circle of his father's advisers. Michele represents everything that was anathema to the elder Duvalier: she is a mulatto, born to a wealthy family, is US educated, the former daughter-in-law of a man who attempted to overthrow Duvalier in 1958, and an outspoken advocate of social reform.

Michele has replaced Simone Duvalier as Jean-Claude's closest adviser and confidante. His mother's loss of status was formalized in April 1981

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Michele as Power Broker

The press—within and outside Haiti—has speculated about the political prospects of Michele Bennett Duvalier. She already has demonstrated considerable influence over her husband's decisions [redacted]

[redacted] Although Michele entered the palace sounding like a determined social reformer, her later track record shows her to be more interested in gaining privileges for her relatives.

It is our assessment that Michele will never attain the power base or respect that would allow her to succeed Duvalier. Nevertheless, Michele has several attributes that—if properly exploited—will allow her to have significant input into governing Haiti.

Factors Working Against Michele

- The Bennetts are not representative of any major sector in Haiti. As mulattoes, they are not accepted by the black majority, and the mulatto elite considers the family to be newly rich opportunists of lower social rank.
- Michele's extravagant taste in clothes and jewelry has earned her an unfavorable reputation within Haiti; she has been the subject of several popular but crude songs during Carnival. Often compared to Argentina's Evita Peron for her mixture of pageantry and charitable works, Michele lacks the lower class roots that Evita Peron effectively used to support her claims that she represented the hopes and aspirations of the downtrodden masses.
- It is our assessment that much of Michele's power and influence within the palace clique stems solely from her marriage to the President. It is doubtful that Michele could retain her position or clout if Duvalier left the scene in the medium term.

- Unlike Imelda Marcos, the wife of Philippine President Marcos, who has frequently been touted as a successor to her husband, Michele holds no official government position in Haiti that could serve as a steppingstone to the presidency. 25X1 25X1

Michele's Assets

- Michele is an intelligent, articulate individual. Her charm and fluency in English could be used to enhance Haiti's diplomatic relations and international image if channeled properly. This role would probably earn her respect and acceptance within some sectors in Haiti.
- From all indications, Duvalier is blindly in love with his wife. This devotion allows Michele to manipulate palace politics to her family's personal advantage. In time, Michele may use her husband's devotion to enhance her own political fortunes and to acquire official powers and/or positions.
- The Michele B. Duvalier Foundation and the First Lady's personal charisma could serve in the future as a base for a personality cult. The Foundation serves primarily young women and mothers who could be cultivated to identify with and support Michele.
- Finally, the US Embassy reports that Michele will give birth to an heir in the near future. Michele will be able to extend her influence and power through her child one day—just as Simone Duvalier did—if the regime survives that long.

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25X1 *Wedding photograph of President Duvalier and his controversial wife, Michele Bennett Duvalier, May 1980* [redacted]

permitted, offering some outlet for dissenting views, although the media generally are prudent in practicing self-censorship. [redacted] 25X1

There have been some reversals in the liberalizing process, although the use of force reminiscent of 25X1 Francois Duvalier's era has been limited to one incident in the past year. [redacted]

[redacted] all eight of the exiles captured in an invasion of Tortuga Island in January 25X1 1982 were killed while in custody. Whether the security forces acted on their own or at the President's direction is still undetermined. Less serious examples were the arrests of several suspected accomplices of the Tortuga invaders in January 1982 and the round 25X1 up of some prominent businessmen after an exile-inspired terrorist incident in July 1982. [redacted]

[redacted] those detained were not tortured 25X1 and most were released within hours, but a few were subject to personal indignities and were kept imprisoned for several days. These episodes, nevertheless, contrast with the wholesale massacres of suspected sympathizers that sometimes followed exile raids during Francois Duvalier's era. [redacted] 25X1

New Slogans and Promises

In his 10th anniversary speech in April 1981, Duvalier announced the inception of the "Decade of Jean-Claudisme." In our view, Jean-Claudisme is a vague, public relations slogan that involves at most carefully manipulated political relaxation and modest fiscal reform. The President himself has outlined no definite philosophy of rule. We believe that the concept of Jean-Claudisme is designed mainly to close the book on the unsavory aspects of Papa Doc's era, to bring 25X1 some life to the economy, and to win Haiti a modicum of international respectability. [redacted]

[redacted] Duvalier s; 25X1 he intends to shift economic power to a new generation of truly nationalist businessmen who—unlike the traditional wealthy families—are committed to developing the country. Duvalier, who—as indicated earlier—fears for his own physical security, may also believe, in our view, that his superficial political and economic reforms will ensure his regime against a violent demise. [redacted] 25X1

25X1 Nonetheless, the regime has modified its manner of dealing with political opponents. For example, trials of dissidents now accord fully with Haitian due process. Moreover, Duvalier recently granted a group of jailed dissidents limited clemency—they were allowed to leave prison, although a selected few remain under house arrest. Jean-Claude also has allowed several international agencies to inspect prison conditions and interview prisoners. The UN Human Rights Commission reports no evidence of brutality inflicted on the remaining political prisoners in the penitentiary, now estimated at about a dozen persons. Duvalier also has decreed that such prisoners are to receive better treatment than common criminals. [redacted]

25X1 The easing of political repression, while uneven, has generated some benefits for the man on the street. In Port-au-Prince, for example, police and security personnel are rarely in evidence, and US Embassy officials report that the police try to avoid needless violence even when quelling civil disturbances. Press items that are mildly critical of the regime are

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In recent months Duvalier has made new promises of political liberalization. In his 11th anniversary speech last April, Duvalier announced his intention to hold—for the first time in decades—municipal elections throughout Haiti in 1983. Recently he also appointed a National Commission on Human Rights. Moreover, he has called on Haitian exiles to return to the island and contribute their skills and ideas to Haiti's future; he vowed that they would not be persecuted. Two somewhat more tangible indications of his good will are his request for Jamaican assistance in setting up the municipal elections and his campaign to discipline some of the most disreputable thugs belonging to the paramilitary militia, the Volunteers for National Security. [redacted]

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We believe that in the economic sphere, the announcement of Jean-Claudisme represents a revival of the economic liberalization begun in 1978 as part of an IMF Extended Fund Facility agreement. Because Haiti's deteriorating economic situation had reached crisis proportions, however, Port-au-Prince also was forced to take protectionist measures. In an effort to maintain aid flows, President Duvalier issued a series of decrees during 1981 aimed at redressing current account and budget imbalances. As has been the case with his political changes, however, commitment has wavered, and enforcement has been spotty. [redacted]

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Deepening Economic Problems

Duvalier's rhetorical emphasis on economic and fiscal reform has shown few results, but it does indicate a realization that the economy is one of his major vulnerabilities. Haiti, a UN-designated "least developed country," has, we calculate, a per capita income of less than \$375. This is the lowest in the Western Hemisphere and is comparable to such African countries as Djibouti, Benin, or Togo. According to the World Bank, 75 percent of the population lives below the poverty line. [redacted]

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Haiti has few resources upon which to base its development, and the economy remains vulnerable to changing global economic conditions. The agricultural sector, which accounts for over 30 percent of GDP and employs about two-thirds of the labor force, according to the IMF, is burdened by low labor

productivity and the highest population density on cultivated land in Latin America. The IMF also states that, although only 15 percent of the land is suitable for cropping, about 30 percent is actually under cultivation. Attempts to farm mountainous slopes have made soil erosion irreversible in some cases, and an estimated 2 to 3 percent of the topsoil washes into the ocean annually. Agricultural technology is primitive, internal distribution of goods is inadequate, and government monopolies and tax policies have tended to discourage production. As a result, Haitian statistics indicate that the production of high-value export crops—the source of much-needed foreign exchange—has tended to decline since the mid-1970s. At the same time, food production is insufficient to meet domestic demand, leading to local shortages, wide price fluctuations, and the continued need to spend scarce foreign exchange on food imports. [redacted]

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Industry, after a performance in the 1970s that boosted manufacturing's share of GDP to slightly over 15 percent, according to IMF statistics, has been unable to offset poor agricultural performance or provide enough employment opportunities to keep pace with the growth in the urban labor force. Other sectors, such as mining and tourism—vulnerable to global economic trends—have provided few jobs. Past growth in the manufacturing sector, concentrated in Port-au-Prince, has encouraged population inflows from the extremely poor and densely populated rural areas into the capital, straining social services and worsening an already difficult unemployment situation. Thus, as reported by the US AID representative, Port-au-Prince has grown at an estimated annual rate of almost 10 percent since the early 1970s. He also stated that the figure probably would have reached nearly 15 percent without the continued emigration of many Haitians to the Dominican Republic, The Bahamas, and the United States. [redacted]

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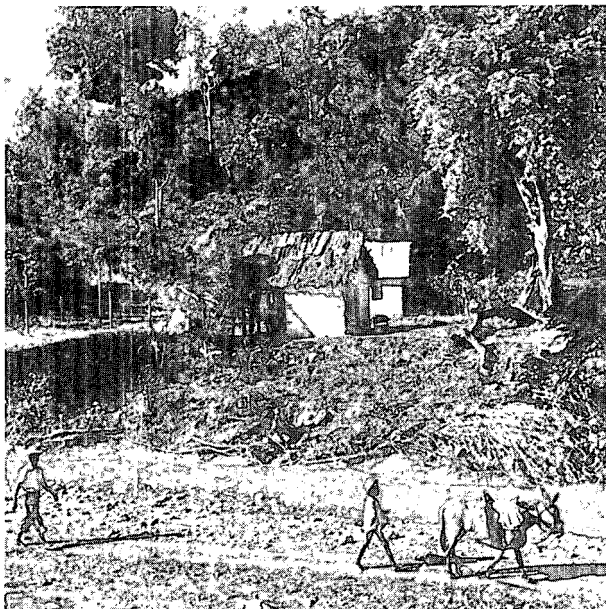
Economic development has been made even more difficult because of endemic corruption and mismanagement. Moreover, Haiti's lack of technical expertise means that the country remains dependent on foreign institutions to promote economic development. [redacted]

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Peasant housing in rural Haiti

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Impact of Global Recession

Against this backdrop, we judge that Haiti's economic problems have intensified markedly over the past two to three years as a result of the global economic recession. After a decade of growth that was strong by Haitian standards—the result of a surge in foreign capital inflows, an expansion of the manufactures' trade, and a periodic buoyancy in commodity markets—economic activity has, at best, stagnated since 1980, according to the latest Central Bank figures, and real per capita income, therefore, has declined. In addition, both the current account and budget deficits have ballooned.

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The most recent official Haitian data indicate that the slowdown in the economy mirrors a deterioration of the current account, which reached an unprecedented deficit of \$167 million, or close to 10 percent of GDP, in the fiscal year ending 30 September 1982. Coffee earnings, hit by both lower prices and poor harvests, have remained depressed since 1980. The continued economic slowdown in the United States has hurt manufacturing exports and tourism. Moreover, despite decreed restrictions, government statistics show that Port-au-Prince has been unable to hold down imports enough to offset the drop in foreign exchange

revenues. Increased private transfer payments, including remittances, have been insufficient to close the trade gap. 25X1

We judge that access to foreign capital has been insufficient to offset the current deficit. Investor confidence has fallen, and local businessmen have sent capital out of the country on a scale large by Haitian standards. External arrears, which, according to the IMF, had not developed in the past, mounted to an estimated \$24 million by June 1982, as reported by the US Embassy, and the small black market in US dollars has become more noticeable. As a result, the Haitians have been forced to turn to multilateral lenders to finance the deficit, including a loan of \$19.7 million in December 1981 under an IMF Compensatory Financing Facility used to alleviate export earnings shortfalls. Despite this aid, however, official Haitian data show that the country still has found it necessary to draw down its foreign reserves.

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Unsettled Policies

In response to these trends and to demands from the IMF, the Duvalier regime initiated, and then backed away from, a spate of fiscal measures in the past 22 months. US Embassy reporting indicates that many of these moves were not fully implemented because, we judge, of corruption and the lack of skilled technicians and administrators.

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President Duvalier issued a series of decrees beginning in March 1981 directed at redressing the severe balance of payments and budget deficits. These actions—many of them demanded by the IMF—

- included:
- Import restrictions on selected consumer goods.
 - A 20-percent increase in the import taxes on luxury goods and in existing taxes on alcoholic beverages and an increase in the gasoline and cigarette taxes.
 - An average 20-percent reduction in budgetary expenditures other than wages and salaries.
 - Postponement of some investment outlays and prohibition of further extrabudgetary expenditures.

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In a further attempt to cultivate the multilateral financial institutions, the Duvalier regime also undertook some actions aimed at reducing government corruption. The most significant step—making the Regie du Tabac (the state tobacco monopoly), which collects duties on a wide variety of domestic products, responsible to the national treasury—was taken in February 1981. All of the Regie's receipts—which previously were used by the palace clique as a slush fund—were henceforth to be deposited directly in the Central Bank. The regime also expressed its willingness to cooperate in a major independent audit of its finances; the last audit of the Central Bank took place before Francois Duvalier took power in 1957: [redacted]

These measures, however, were not sufficient to attract major new sources of foreign capital. In an attempt to qualify for an IMF standby arrangement, therefore, Haiti agreed to a "shadow program" in September 1981 that targeted the size of the public-sector deficit and Central Bank credit. Performance under the program, however, was poor at first. The public-sector deficit was chronically over monthly targets despite the government's reasonably successful effort to limit public expenditures. Revenues were below levels necessary for target compliance, partly because of unanticipated delays in obtaining coffee receipts. We believe, however, that another major cause was the regime's unwillingness to implement the required fiscal actions. In our judgment, Duvalier was concerned that many of the measures would impinge directly on the vested interests of the palace clique—individuals whose loyalty to the regime is essential. [redacted]

A new government resolve to undertake needed economic changes seemed to appear in February 1982, when Duvalier named a new economic team headed by Marc Bazin, a highly capable technocrat and former senior World Bank economist. In a move long advocated by the IMF, Bazin soon adjusted the taxation of coffee exports to the world reference price, resulting in increased revenues. In addition, some of the import restrictions decreed a year earlier were lifted. Bazin also announced plans to further reduce public expenditures, completely overhaul the tax collection system, and supervise all government foreign exchange expenditures. [redacted]

A mere five months after his appointment, however, Duvalier fired Bazin. This move, we believe, is yet another sign that Duvalier's resolve to pursue responsible economic management policies is easily undermined by short-term political exigencies. Despite warnings that Bazin's removal would seriously jeopardize inflows of desperately needed IMF support, Duvalier, [redacted] felt threatened by Bazin's independence and success and replaced him with Frantz Merceron, a less capable but more pliant official. [redacted]

Thus far, the performance of the new economic team has been mixed. US Embassy reporting, for example, indicates that Merceron has managed to remain within IMF-mandated expenditure and credit guidelines, has allowed an audit of the commercial branch of the Central Bank, and has pushed through a value-added tax long advocated by the IMF. The team, however, apparently has not been as determined to resist extrabudgetary expenditures by Duvalier and his clique. [redacted]

Despite these unsettled policies, Port-au-Prince managed to obtain a \$37 million, 13-and-a-half-month standby arrangement with the IMF in mid-August. The accord identifies reduction of the fiscal deficit and reactivation of the economy as major goals. Performance criteria include limits on the public-sector deficit, limits on government expenditures, and the elimination of arrears. The US Embassy reports that Haiti's first disbursement of \$11 million, received in August, was to have been used almost entirely to pay arrears to the local oil companies and to the Banque National de Paris. The next payment of \$2.2 million, to be made by the end of 1982, is contingent upon Haitian compliance with the performance criteria. [redacted]

The Potential Costs of Reform

In our judgment, Duvalier's slow and tentative pace on reform indicates a recognition that the very changes designed to prolong the life of his regime

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could also generate serious challenges to it. Although Jean-Claude has done away with or modified many of the worst features of his father's system of rule, he still relies heavily on the essential tools of patronage and corruption—rewarding loyalty with influential positions, gifts, or, more often, access to funds. Reform of any meaningful kind will undercut these mutually beneficial relationships that sustain support for the regime. [redacted]

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We believe that fiscal reform, if implemented effectively, would provoke adverse reactions primarily from the old guard faction of the palace clique. Analysis of his policies and actions during his presidency indicates that because Jean-Claude's ruling style has played down the tactics of fear, voodoo, and racism, the support of the old guard is now won predominantly by payoffs. If Duvalier actually makes funds more accountable, he will lose his primary means of controlling this faction of the palace clique. We estimate that their response in the near term would be to undercut and discredit the Jean-Claudistes. Likely tactics would include blaming the Jean-Claudistes for acceding to US demands—for example, on the issue of the boat people—while obtaining no return for Haiti. The old guard probably also would play on Duvalier's fears of Cuban subversion and exile plotting in an attempt to draw him back to their side—a tactic they have used successfully in the past. [redacted]

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The mulatto elite, for their part, have reason simultaneously to applaud and to abhor the promised reforms. Embassy reporting indicates that they are distressed by the chronic foreign exchange shortages and see a need for reform in Haiti's fiscal policies. Duvalier's promises and appointment of the widely respected Marc Bazin as Finance Minister raised this group's expectations for substantial fiscal changes—which they believed would attract significant amounts of foreign assistance from international donors—only for these hopes to be dashed by Bazin's dismissal and the snail's pace of Duvalier's reforms. At the same time, the pattern of behavior exhibited by the mulatto elite suggests that they are unwilling to pay the full price of effecting change. Many of the intended measures threaten the privileged economic position of

the mulattoes by requiring increased taxation of imports, income tax collection, and restrictions on foreign exchange transactions. [redacted]

Mixed reactions to Jean-Claudisme will come also from a relatively new sector in Haiti—a small black middle class that has emerged with the development of light, export-oriented industry. [redacted]

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[redacted] this group is jealous of the economic perquisites that the mulatto elite has enjoyed over the years. Predominantly US educated, the black middle class recognizes—as one of its members told a State Department officer—that Haiti's poor international image and inefficient bureaucracy deter foreign investment. This group strongly advocates fiscal reform and, in our view, almost certainly would welcome more responsible, participatory government. [redacted]

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The black middle class could become either the ally or foe of Duvalier, who depends to a certain extent on its continued willingness to invest in Haiti. Some elements of this black middle class are highly educated individuals—journalists, radio commentators, and politicians—who have been openly critical of the regime. Although its members usually have been silenced—by intimidation, jailing, or expulsion—the group has been quick to take full advantage of any relaxation of the regime's curbs against dissent. [redacted]

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Prospects for the Near Term

Meeting Economic Needs

In our view, the economic reforms of the Duvalier regime will not be enough, even if fully and effectively implemented, to overcome the deleterious effects of the world recession on Haiti's economy. We estimate that, despite the recent approval of Haiti's standby arrangement and the possibility of a negotiated structural adjustment loan from the World Bank, economic activity will continue to stagnate over the coming year. We judge that investor confidence is unlikely to improve significantly, and foreign capital inflows will continue to be weak. [redacted]

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We believe that the current account deficit will still be large by Haitian standards, although it could moderate from this year's record if the government is able to restrict imports and renegotiate some of its debt. Although the government plans to curtail imports, it probably cannot cut them enough to close the trade gap. [redacted]

Despite a Haitian-predicted increase in crop size, coffee earnings will be affected by expected continued weak prices. Manufacturing exports and tourism earnings will be hit by the protracted economic recession in the United States. Moreover, the Reynolds Corporation has closed Haiti's only producing bauxite mine because of the declining alumina content of the ore and the poor outlook for the international aluminum industry. [redacted]

Foreign capital inflows are likely to remain poor, despite the possibility of a temporary surge if the government follows through on stated intentions to liberalize interest rate policies. Chances for meeting performance criteria and gaining more disbursements under the standby arrangement, however, are tempered by skepticism concerning the government's commitment to the performance standards. Even with the recent IMF agreement and the appearance of an improved political climate, continued underlying uncertainties about the government's corruption and erratic actions will dampen investor confidence and slow private capital inflows. [redacted]

On the domestic front, the austerity measures implemented to gain IMF support will prevent any offsetting expansion in the public sector. Indeed, the government has promised to continue reducing budgetary expenditures in absolute terms over the coming fiscal year. Although we doubt Port-au-Prince's resolve to cut outlays this much, we judge that the need for IMF financing will force the government to maintain some control over expenditures. [redacted]

Securing Political Stability

We believe Duvalier's goal of ensuring his regime's security through the vague program he has dubbed Jean-Claudisme will not be met over the near term. Given the nature of the Duvalierist power structure—the narrow base of loyal supporters, lack of sufficient

technical expertise, and solidly entrenched manipulative mechanisms—any changes Duvalier makes will be necessarily tentative and at the margin. The young President is especially unlikely to make any wholesale revisions in the spoils system for fear of provoking opposition from within the palace clique. Similarly, any of Jean-Claude's promised reforms that actually are implemented could easily be derailed by new rounds of political infighting or threats of exile attacks. [redacted]

Nonetheless, Haiti's political stability will—over the near term—continue to be supported by the power structure and its inherent checks and balances. Following a policy of frequent cabinet changes, shuffling of military commanders, and the division of power bases—especially in the armed forces—Duvalier has kept potential challengers off balance and unable to consolidate support. He has gone a long way toward mastering Haiti's system of political control, and his efforts are aided substantially by the continued passivity of the majority of the population. As demonstrated during the exile invasion of Tortuga Island in early 1982—when the confusion of events provided an optimal period for a coup d'etat—Duvalier commands the support of the principal elements of the power structure. [redacted]

Over the near term, therefore, Duvalier probably will face minimal threats to his power. In our judgment, the old guard is unlikely to react drastically against the cosmetic reforms Duvalier is likely to implement. In any event, the old guard would need military support to attempt a coup, and we believe such support is increasingly unlikely as older officers are phased out of the military. The increasing number of younger and US-trained officers probably would not be provoked into action against Duvalier by the implementation of reform measures that do not adversely affect the more professionally oriented interests of the military. Moreover, these younger officers owe little loyalty to the remnants of Papa Doc's entourage. In our view, the mulattoes also are in no position to openly defy the regime. Although some probably would attempt to cultivate allies within the

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military or palace clique, we believe that the predominantly black composition of the latter two argue against an alliance with the mulattoes. It is likely, however, that some members of the mulatto elite may seek to fund exile groups covertly, as they did in Papa Doc's era. The current disarray among the exiles makes it unlikely that this tactic would generate a significant threat in the short term. [redacted]

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Long-Term Prospects

Lasting Economic Problems

The economy will become a greater liability to the Duvalier regime over the longer run because Port-au-Prince has little chance of promoting sustained expansion in economic activity. In coming years, world economic conditions will not be conducive to growth because the trend in the rate of growth in the Western industrialized countries—the source of most of Haiti's imports and the destination for most of its exports—has declined. Domestically, Haiti's traditional problems of low investment, limited resources, lack of infrastructure, and pervasive corruption are too great to be resolved without substantial foreign financial and technical assistance. [redacted]

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As a result of Port-au-Prince's inability to spur long-term growth, real per capita income could continue declining, and the economy will be less able to fulfill the needs of the population. In our view, rising expectations, which could result from publicity for Jean-Claudisme, will be frustrated, and internal dissatisfaction, particularly in the overcrowded urban area of Port-au-Prince, could increase. Pressures for illegal migration could grow. [redacted]

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Risky Political Choices

We believe Duvalier probably will remain in control over the next two to five years, but political and economic pressures for and against reform probably will increase and threaten the regime's survival over the longer term no matter what course Jean-Claude chooses. Should Duvalier abandon all notions of reform in favor of obtaining short-term security, the continuing economic decline and external political pressures from exile groups and international critics would sharpen rapidly and could provoke internal dissension. We believe the most likely sources of

disruption would be the burgeoning middle class, the economic elite, and the more ambitious members of the Jean-Claudistes. [redacted]

By the same token, if Duvalier actually implements reforms that alter the political and economic status quo in any significant fashion, he then risks upsetting the system of checks and balances that have served him so well, at least in the past. The young leader would then appear most vulnerable to the old guard, who understand the subtleties of the power structure. Over the longer run, this group could influence military attitudes if political dissent or exile activity seemed to be growing. The old guard could use such trends to argue that Jean-Claude was losing control and that a move against him was essential for the preservation of stability. [redacted]

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Unproven Leadership

Duvalier, initially carried by the momentum of his father's regime and by his own ability to manipulate the power structure, has yet to demonstrate that he can provide strong leadership over the long term. During the 1970s this deficiency was masked somewhat by modest economic growth and a general public perception that Duvalier's leadership was preferable to any alternative. But as economic and political difficulties increase, Duvalier will have to demonstrate that he is willing to confront the challenge and dispel doubts about his ability to rule. If he is to survive, he must demonstrate his leadership, particularly to:

- Individual members of the palace clique and military who might view themselves as replacements for Duvalier.
- The mulatto elite who will tolerate Duvalier's leadership as long as they are able to receive economic privileges.
- The black peasantry who have traditionally viewed Duvalier as the defender of their interests.
- Exiles who are waiting in the wings for a leadership crisis.
- Foreign donors and investors who would withhold assistance if they believed that serious instability was inevitable. [redacted]

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Jean-Claude Duvalier: 1971 [redacted] 25X1



Jean-Claude Duvalier: 1982 [redacted] 25X1

The US Embassy reports that Duvalier's image within Haiti—predominantly with the elite but also with the general populace—as a forceful leader already has been weakened somewhat by his marriage and his physical appearance—less formidable since he lost over 60 pounds. In addition to his wife's unpopular, flamboyant style, her family is notorious for a range of misdeeds from tax evasion to drug smuggling. In certain instances, Duvalier has appeared ignorant of—or willing to overlook—their behavior, causing some Haitians—mostly within the business community, according to the Embassy—to question his control. Although the arrest of his brother-in-law on drug charges in Puerto Rico last March and Duvalier's refusal to bail him out appeared to dispel some of this uncertainty, current reporting indicates that Michele's suspected role in recent cabinet changes has revived such speculation. In early 1982 unfounded rumors that Duvalier was seriously ill—prompted primarily by his weight loss on a diet prescribed for a mild case of diabetes—also encouraged the popular supposition voiced on the streets of Port-au-Prince that he had weakened considerably, a perception that, in our opinion, can undermine his authority. [redacted]

Internal and External Threats

The secretive nature of the power structure, the propensity for intrigue, and renewed exile activity make an assassination attempt or palace coup ever-present possibilities. Such a likelihood is lessened by the tight security around Duvalier and his extensive, though primitive, intelligence network. But, as the

economic and political fortunes of key actors deteriorate, we judge that the networks that protect Jean-Claude may become dangerously frayed. [redacted]

Haitian exiles currently do not present a credible threat, but they have accelerated their activities and may become a viable force in the future. The failed invasion last January by exile Bernard Sansaricq is an example of the general ineptitude and naivete that currently characterize the exile community. Moreover, the exiles lack unity and leadership, [redacted]

[redacted] Their sheer numbers—swelled by the influx of boat people—gives them some potential, especially if a better organized attempt occurs in conjunction with a political crisis in Haiti. In our view the development of an effective anti-Duvalier movement will probably result if strong links are developed between the exiles and dissident members of the palace clique, the military, or the mulatto business community (see appendix). [redacted]

[redacted] Havana and Moscow have provided limited financial support and military training to some exiles, but for the present Havana's interests do not appear to us to extend beyond maintaining and cultivating ties with the expatriates. Although the Castro government continues broadcasting in Creole to Haiti and persists in its anti-Duvalier line, its minimal contacts with

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Potential Leaders

The fractionalization of interest groups in Haiti has hampered identification of possible successors to Duvalier. If any independent political leader were to arise—either as a positive result of Jean-Claudisme or because of a weakening of the Duvalier power structure—we believe likely candidates would come from the Jean-Claudistes or the emerging black middle class. Sufficient evidence is not available on individuals in the middle class, but we can identify potential leaders within the palace circle. Frequent cabinet changes, however, increase the difficulty of predicting whose star may rise at any given time.

Henri Bayard

Long considered Duvalier's closest adviser, Bayard held various government positions from 1973 to 1982. Generally credited as the architect of Duvalier's 1980 liberalization efforts, Bayard maintained a favorable attitude toward the United States. He reportedly lost his position as a result of Michele Duvalier's influence. A mulatto of Lebanese extraction, Bayard may not be accepted as a successor to Duvalier by the black majority.

Theodore Achille

A cabinet minister since 1979, Achille is currently Secretary of State for Social Affairs. Highly nationalistic and somewhat anti-US, he is one of the more influential Jean-Claudiste political ministers. Achille is an intelligent, ambitious lawyer and has demonstrated a streak of opportunism—aggrandizing his

position at the expense of other ministers; as an intelligent, black Haitian in his late twenties, he could emerge as a rival to Duvalier over time.

Marc Bazin

A highly capable and respected economist, Bazin held the post of Secretary of State for Finance and Economic Affairs from February to July 1982. His vigorous pursuit of the fiscal reform program—which affected the personal interests of some within the palace clique—and his growing popularity compelled Duvalier to replace him. Bazin worked closely with IMF and US Embassy officials during his short tenure. He has the respect of the business community but lacks a political entre to the palace.

Jean-Marie Chanoine

In the cabinet since 1980, Chanoine replaced Bayard as Secretary of State for the Presidency in April 1982; he also controls the portfolios of Information and Public Relations. Generally regarded as hard-working and ambitious, he shares Achille's nationalistic views but is not considered to be anti-US.

Roger LaFontant

A close friend of the President and member of the inner advisory circle at the palace, LaFontant was named Interior Minister in July 1982—a post he held briefly in the early 1970s.

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Haitian exiles are in stark contrast to its ties with dissidents from other Latin American nations. Havana currently does not publicly identify any revolutionary movement as a viable alternative to the Duvaliers and probably recognizes the problems that would have to be tackled should some revolutionary group succeed in ousting the present regime. Moreover, Havana's propaganda does not show any sharp

fluctuations that would suggest to us a heightened interest in taking advantage of Haiti's political and economic problems. Radio Havana's broadcasts remain rife with revolutionary rhetoric, but an analysis of their content reveals considerable ignorance of the basic elements of the Haitian situation—a sign that Haiti is not among Cuba's top candidates for subversion.

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Implications for the United States

Haiti, because of its extreme poverty, poor human rights reputation, and endemic corruption, will remain an international outcast and a nuisance for US policy interests in the Caribbean for the foreseeable future. We believe that Port-au-Prince will try to keep its relations with Washington correct but somewhat ambivalent—as it seeks more financial aid and tries to avoid charges by nationalists that it is bending to US pressure. [redacted]

[redacted]

[redacted] Duvalier is particularly frustrated and disappointed with the level of the US financial assistance and what he perceives to be an unwarranted US focus on the problems of Jamaica. We believe that to gain Washington's attention Duvalier will continue to play up the dangers he faces from Havana and the exile groups. [redacted]

[redacted] Duvalier and many Haitians share the view expressed in the Port-au-Prince press that the proposed Caribbean Basin Initiative discriminates against Haiti. Haitian officials have cited Haiti's planned share—inadequate, in their view—of supplementary development assistance and the projected quotas for textile exports to the United States to back up their charges. [redacted]

Duvalier and his aides will occasionally use the United States as a whipping boy, particularly when the appearance of cooperation with Washington can become a political liability. For example, the US Embassy reported that rumormongers in the palace last summer accused the United States of supporting former Finance Minister Bazin against the President and thereby undermining Duvalier's authority. In this environment, Duvalier and his aides have taken a certain risk in heeding advice from US officials and the IMF on fiscal policies. Nationalist members of the

palace clique may characterize such guidance as intervention in an effort to persuade Duvalier to abandon reforms. [redacted]

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Similarly, implementation of the US-Haitian migrant interdiction agreement over a year ago has provoked other problems for Duvalier and may create future difficulties. According to press reports, regime critics, some ambitious palace clique members, and nationalists in the black middle class argue that the negotiators of the agreement probably were paid off by Washington because the Haitian people received no quid pro quo for "surrendering Haitian sovereignty."

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This criticism may induce Duvalier to limit Haiti's cooperation with the United States on this issue, especially if he sees no tangible increase in bilateral aid or security assistance. In addition, the economy cannot easily absorb the return of large numbers of emigrants. Returning Haitians—having sold their land and possessions to finance their escape—probably would settle in the already congested urban areas. Swelling the ranks of the unemployed, especially in Port-au-Prince, could be potentially destabilizing to the regime. [redacted]

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We believe that domestic political concerns will continue to dictate the intensity of Duvalier's commitment to both his domestic and foreign policy initiatives. If he perceives that continuation of any given program such as the liberalization measures or the interdiction agreement is generating significant anti-regime pressures, Duvalier will abandon the main elements of the policy even at the expense of his longer term objectives. He already has demonstrated—by firing a highly qualified and respected economic team on the verge of an IMF agreement—that he is willing to risk much-needed foreign exchange and an enhanced public image in order to keep his domestic position secure. It is likely, therefore, that Duvalier will continue his zig-zag approach to modifying the more Byzantine features of his government. Because no economic miracles or viable leadership alternatives are on the horizon, we judge that the Duvalier regime will continue in essentially its present form over the next several years. [redacted]

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Appendix**The Haitian Diaspora**

Most prominent Haitian exiles have made a career of verbally harassing the Duvalier regime, but few have had sufficient organization, funds, or followers to attempt an overthrow. Few exile leaders are informed about the current situation in their homeland; for them jockeying for position within the exile community usually takes a higher priority. It is unlikely that the disparate leaders and groups will coalesce into a formidable force in the near term. Nevertheless, several may become a real danger to the regime in the future if Duvalier's fortunes decline and if the exiled leaders develop contacts within Haiti. [redacted] 25X1

Leader	Organization/ Location	Characteristics
Bernard Sansaricq	President of the Haitian National Popular Party; Miami, Florida	This self-styled "Haitian Liberator" probably the most active Haitian exile leader. His invasion of Tortuga Island in January 1982 was ill equipped and foolhardy, ultimately resulting in the death of eight exiles and four Haitian soldiers. His obsessive desire to destroy the Duvalier regime will probably lead him to attempt subsequent adventures. 25X1 [redacted]
Leslie Manigat	Secretary General of the "Rassemblement des Democrates Nationaux Progressives d'Haiti; Caracas, Venezuela	Firmly anti-Communist, Manigat is a professor at Simon Bolivar University in Caracas. He claims to have active organizations in several European and Latin American nations, as well as support of the Socialist International. His group appears to have no active plans for the overthrow of Duvalier. [redacted] 25X1

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Rene Theodore
(aka Joseph Leslie)

Secretary General
of the United Hai-
tian Communist
Party; Paris,
France

Theodore's group has representatives and contacts in the Dominican Republic, France, Mexico, Canada, Cuba, and Switzerland. They reportedly have received Soviet funding channeled through the Dominican Communist Party. Theodore has traveled to the Soviet Union at least twice and on several occasions to Cuba. Although chronic plotters, Theodore and his supporters apparently have no immediate plans for direct action against Duvalier.

[Redacted]

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Alphonse Lahens

Head of the United
Forces for Haitian
Liberation; Miami,
Florida

Lahens's exile umbrella organization is not prepared to undertake any hostile action against the Duvalier regime. The various groups in his organization apparently are bound only by a common antipathy for the Duvalier regime and respect for Lahens. Lahens also heads his own group within his umbrella organization—the Haitian National Progressive Movement. Unlike some of his fellow exiles, Lahens has a general social, political, and economic program for post-Duvalier Haiti, but he does not address the means by which the regime would be removed.

[Redacted]

[Redacted]

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Yvon Desulme

Probable leader of
the Hector Riobe
Brigade; Miami,
Florida

Desulme's group advocates the violent overthrow of the Duvalier regime, but has no political plans or platform for post-Duvalier Haiti. The Hector Riobe Brigade has claimed responsibility for a terrorist incident in Haiti in July 1982, which unnerved Duvalier. Desulme probably has aspirations to Haiti's presidency. He apparently draws upon his father's wealth—earned as an exile in Jamaica—to underwrite the Brigade's expenses.

[Redacted]

[Redacted]

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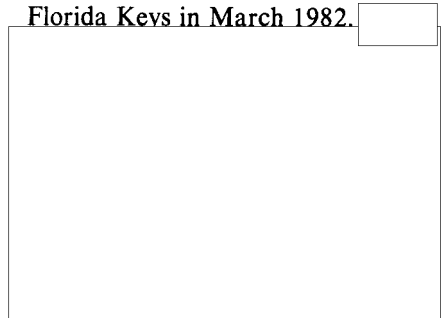
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Roland Magloire

Haitian National
Liberation Council;
Miami, Florida

Magloire and members of his group
took part in an abortive invasion of
Haiti which never got beyond the
Florida Keys in March 1982.



Magloire has been in exile since the
mid-to-late 1960s, but has demon-
strated little leadership potential.



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