

# Haiti's Lost Billions

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Two decades after Haiti won its independence from France, a squadron of warships returned with an ultimatum from King Charles X.

The choice: money or war.

France demanded that Haitians pay their former masters 150 million francs, a staggering amount, far beyond their means.

With the warships looming off the coast, Haiti agreed.

With that, Haitians, who had paid for their freedom in blood, were forced to pay for it yet again — this time in cash.

But a different history is written in ledgers and banking statements. They reveal a debt so large, and so lasting, that it would help cement Haiti's path to poverty and underdevelopment.

Haiti became the first and only country where the descendants of enslaved people paid the families of their former masters for generations.

The New York Times pored through archives and government documents to make what many historians call the first complete tabulation of how much Haiti paid for its independence.

What France demanded

150 million francs

In 1825, France demanded five annual payments of 30 million francs.

The amount was far beyond Haiti's meager means. The first payment alone was about six times Haiti's entire revenue that year, according to the prominent 19th-century Haitian historian Beaubrun Ardouin.

That was part of France's plan.

Together this became known as Haiti's "double debt" — the French demand and the loan to start paying it.

In late 1837, a second French fleet sailed into Port-au-Prince, intent on forcing the Haitians to pay.

France ultimately agreed to reduce its original demand to 90 million francs. But we found that Haiti made payments totalling 112 million francs over the course of seven decades, or about \$560 million in today's dollars.

If that money had remained in Haiti, rather than being shipped off to France, it would have added \$21 billion to Haiti's economy over the last two centuries.

While the exact amount is unknowable, numerous economists and financial historians who reviewed our analysis said that estimate was, if anything, conservative.

That would put our estimate at a \$115 billion loss for Haiti.

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Afterward, Haiti began defaulting on payments almost immediately.

The burden wasn't shouldered by the country's elite. It was the coffee farmers who ultimately paid it, through taxes on their exports.

Haiti, also battered by natural disasters, soon faced another revolution.

French National Library

Many were bitter that he had resumed payments on the reviled debt.

Despite Haiti's troubles, France made sure its former colony kept paying. It sent warships again, threatening to bomb the country's ports.

The payments were France's "principal interest in Haiti, the question that dominated everything else for us," explained one French minister at the time.

Mauricio Lima for The New York Times

For decades, Haiti continued to pay down the double debt. Then, a French bank arrived on the scene — Crédit Industriel et Commercial. In 1880, it set up Haiti's first national bank.

It was a disaster — national in name only.

Haiti's treasury was now controlled by a French bank. The Haitian government could not deposit or spend money without paying a commission.

In some years, French profits exceeded Haiti's entire public works budget.

## **Haiti's debt burden**

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Double debt

1874 and 1875 loans

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Again, the French bankers took handsome commissions. Corrupt Haitian officials also lined their pockets, siphoning off much of the money.

More disastrous loans followed. Officially, they were not directly tied to the double debt. But by this point Haiti's coffers were so depleted that its leaders could barely govern, let alone build the country.

In 1910, Haiti's national bank was re-established under new owners. A Parisian bank still owned the biggest share, but American and German banks took over the rest.

It may have been the national bank of Haiti, but Haiti didn't own it.

Soon after, the national bank issued a new loan to Haiti on terrible terms, and often withheld money from the government, worsening the nation's political instability.

By 1911, \$2.53 out of every \$3 that Haiti earned from coffee taxes, its most important source of revenue, went to paying debts held by French investors.

In France, meanwhile, it was a time of prosperity. The cafes of Paris overflowed, many of its patrons drinking coffee cultivated by debt-hobbled Haitians half a world away.

In December 1914, this gunboat pulled into harbor in Port-au-Prince. The U.S. Marines on board were on a mission.

For years, U.S. business interests led by the National City Bank of New York — Citigroup's predecessor — had pushed for American control over Haiti.

They persuaded the U.S. State Department to remove gold from the vaults of Haiti's National Bank.

Marines strolled into Haiti's national bank and walked out with \$500,000 in gold.

Their loot was in New York within days.

The Marine operation was a precursor to a full-scale invasion of Haiti the following summer. Americans took control of Haiti's government and rewrote the country's Constitution.

Lasting 19 years, the military occupation was one of the longest in U.S. history.

The Americans forced Haitians to build roads for no pay, and soldiers shot those who tried to escape. Many Haitians saw this as a return to slavery.

## **Haiti's Debt Burden**

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Franc loses value

The U.S. now controlled Haiti's finances.

In 1922, Haiti was forced to borrow from Wall Street, despite fierce objections from Haitians that it would drive them deeper into debt.

American financial control continued until 1947. By that time, Haitian farmers were living on a diet that was "often close to the starvation level," United Nations officials reported. As few as one in six children went to school.

Federico Rios for The New York Times

It's easy to see the history of Haiti as just a story of corruption. Some leaders, most notoriously the Duvalier father-and-son dictators who ruled for nearly 30 years, enriched themselves and plunged their country further into poverty.

It's easy to see the history of Haiti as just a series of hurricanes, epidemics and natural disasters, like the 2010 earthquake that devastated the country.

Haiti has been called a disaster. A failed state. An aid trap.

But for generations after independence, Haiti was forced to send a large portion of its wealth overseas.

A bronze statue in Haiti's capital, known as Nèg Mawon, depicts a rebel who has escaped slavery and blows a conch shell to summon the revolution.

The price of that freedom was long lasting, depleting Haiti of the resources it needed to build a nation.

The legacy of the debt and the history of extraction is embedded in Haiti's education system, where even today only one in four children make it to high school, according to Haiti's education ministry.

The debt is also felt in Haiti's public hospitals, many of which lack basic equipment and supplies.

And it is present in Haiti's inadequate water and sanitation infrastructure.

After U.N. peacekeepers introduced cholera to the country in 2011, it spread rampantly, killing thousands.

The debts may be paid, but Haitians are still paying the price.