Invade Haiti, Wall Street Urged. The U.S. Obliged.

nytimes.com/2022/05/20/world/haiti-wall-street-us-banks.html

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Federico Rios for The New York Times

The Ransom

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In the drowsy hours of a December afternoon, eight American Marines strolled into the headquarters of Haiti's national bank and walked out with $500,000 in gold, packed in wooden boxes.

They drove the loot by wagon to the shore, past American soldiers in civilian clothes who kept watch along the route. Once at the water, they loaded the boxes and sped to an awaiting gunboat.

The gold was in the vault of a Wall Street bank within days.

The operation took place in 1914 — a precursor to the full-scale invasion of Haiti. American forces took over the country the following summer and ruled it with brute force for 19 years, one of the longest military occupations in American history. Even after the soldiers left in 1934, Haiti remained under the control of American financial officers who pulled the country's purse strings for another 13 years.

Invading Haiti was necessary, the United States said. The country was so poor and unstable, the explanation went, that if the United States didn't take over, some other power would — in America's backyard, no less. Secretary of State Robert Lansing also portrayed the occupation as a civilizing mission to end the "anarchy, savagery and oppression" in Haiti, convinced that, as he once wrote, "the African race are devoid of any capacity for political organization."

But decades of diplomatic correspondence, financial reports and archival records reviewed by The New York Times show that, behind the public explanations, another hand was hard at work as well, pushing the United States to step in and seize control of Haiti for the wealth it promised: Wall Street, and especially the bank that later became Citigroup.

Under heavy pressure from National City Bank, Citigroup's predecessor, the Americans elbowed the French aside and became the dominant power in Haiti for decades to come. The United States dissolved Haiti's parliament at gunpoint, killed thousands of people, controlled its finances for more than 30 years, shipped a big portion of its earnings to bankers in New York and left behind a country so poor that the farmers who helped generate the profits often lived on a diet "close to starvation level," United Nations officials determined in 1949, soon after the Americans let go of the reins.

"I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues," Maj. Gen. Smedley Butler, a leader of the American force in Haiti, wrote in 1935, describing himself as a "racketeer for capitalism."

For more than a century, Haiti has been labeled a disaster, a basket case, a place so destitute, indebted, lacking and lawless that it needs constant saving. The assassination of the president in his bedroom, the kidnappings in the capital, the swells of Haitian migrants heading to the United States — they all point to a country in a seemingly endless vortex of despair that the world's great powers, whether with troops or mountains of aid, have not managed to fix.

But the documents and financial records reviewed by The Times in Haiti, the United States and France show how much of Haiti's misery has been brought by the outside world — and how often intervention has been portrayed as a helping hand.

By the time U.S. forces arrived in the summer of 1915, Haiti had already spent more than half a century handing over big slices of its meager earnings to France. Though the Haitians had overthrown their French enslavers, beaten Napoleon's forces and declared their independence in 1804, French warships sailed back to Haiti decades later, demanding staggering amounts of cash under threat of war.

Haiti became the first and only country where the descendants of enslaved people paid the families of their former masters for generations, hampering its ability to build a nation almost since birth.

After that came French bankers, dangling loans before a country that had been depleted by decades of paying France. They took so much in commissions, interest and fees that, in some years, their French shareholders' profits were bigger than the Haitian government's public works budget for the entire country.

Next were the Americans, at times portraying their intervention as a way of defending Haitian "sovereignty." And just as it had for generations of Parisian bankers, Haiti proved profitable for Wall Street. In its filing to the Senate Finance Committee in 1932, National City Bank said it secured one of its largest margins during the 1920s from a debt it controlled in Haiti.

Little of that history remains part of Citigroup's public profile today. Haiti is barely mentioned in its official timeline. The company declined to provide access to its archives and said it was unable to find any information on some of its biggest loans to Haiti.

But according to nearly two dozen annual reports published by American officials and reviewed by The Times, a quarter of Haiti's total revenue went to paying debts controlled by National City Bank and its affiliate over the course of a decade — nearly five times the amount spent on government-run schools in Haiti during that time.

And in some years, the American officers who controlled Haiti's finances spent more of its money on their own salaries and expenses than on public health for the entire nation of about two million people.

"We have had absolute domination" by the United States, Georges Léger, a Haitian lawyer, told American senators in 1932, explaining how deeply Haitians resented the financial and political control of their country "just to satisfy a group of New York bankers."

At first, many American lawmakers wanted nothing to do with Haiti and adamantly ignored its independence. Though Haitians had fought alongside Americans during the Revolutionary War, the United States refused to recognize Haiti for nearly six decades, fearful it might inspire enslaved people to rise up and overthrow their masters in the American South.

But around the turn of the 20th century, as the American footprint in the hemisphere expanded, Americans saw an imperative — and an opportunity. They wanted to blunt European influence in the region, particularly Germany's, but also recognized what the French had known all along: There was ample money to be made.

Historians still debate the legacy of the American invasion and how it shaped, or continues to shape, the Haiti of today. Some credit the occupation with imposing order in Haiti at a time of searing violence and coups, while others note that the Americans crushed dissent, shot civilian protesters, committed extrajudicial killings and enforced martial law for long stretches of time.

Some historians cite tangible gains, like hospitals, 800 miles of roads and a more efficient civil service, but they also point to the American use of forced labor, with soldiers tying up civilians in ropes, making them work for no pay and shooting those who tried to flee.

The Ransom

Still others say the American land grab in Haiti set off one of the most intractable crises besieging the hemisphere today: the vast migration of Haitians to countries across the region.

The United Nations experts who visited in the late 1940s, shortly after the end of American financial control, found an impoverished nation lagging “even more markedly than other countries and territories of the region.” Most towns had no lights, sewage systems or paved streets. As few as one in six children attended school.

American financial officers had been so focused on paying off Haiti’s loans — including the ones the United States had imposed on the country over strident objections — that a commission appointed by President Herbert Hoover to investigate the occupation questioned “the wisdom of this course.”

“It might have been better,” its report said in 1930, to have kept “more money in the country where experience has shown it was badly needed.”

More than a century after American forces landed, the United States remains an abiding feature of Haitian politics. Washington has propped up successive presidents, at times even the Duvaliers, the father and son dictators who ruled for nearly three decades after the occupation. Jovenel Moïse, the president assassinated in his bedroom last July, also enjoyed the public backing of two American presidents despite mounting evidence of his government’s abuses, enraging opponents of his autocratic rule.

When the senior American diplomat in Haiti, Daniel Foote, quit his job last year, he drew attention to American mistreatment of Haitian refugees at the cracking end of a whip. But he also made an argument that didn’t receive the same attention: that foreign meddling had led to disastrous consequences in Haiti.

“What our Haitian friends really want, and need, is the opportunity to chart their own course, without international puppeteering,” Mr. Foote wrote.

‘Detrimental to American Interests’

“Let us take the high ground,” Robert Y. Hayne of South Carolina appealed to his fellow American lawmakers in 1826 — Haiti’s independence was a subject that “the peace and safety of a large portion of our Union forbids us even to discuss.”

For decades, Southern planters had worried about Haiti, the modern world’s first nation to emerge from a slave uprising, and Hayne was a natural emissary of their fears: a staunch defender of slavery who had been born on a rice plantation and at one point enslaved 140 people.

He was the state’s attorney general during the failed slave insurrection led by Denmark Vesey, a free man from the West Indies, and like some of his contemporaries, Hayne believed that recognizing Haiti — or even debating slavery at all — would “put in jeopardy our dearest interests.”

"Our policy, with regard to Haiti is plain," he said in his address to Congress. "We never can acknowledge her independence."

Only during the Civil War, after Southern States had left the union, did President Abraham Lincoln recognize Haiti. He saw it, along with Liberia, as a viable destination for America's freedmen and sent a few hundred of them there to set up a settlement.

By the early years of the 20th century, Haiti sat at the nexus of multiple American interests. It was across the Caribbean Sea from the Panama Canal, which was under construction. The United States had taken over Puerto Rico and American money had flooded into sugar plantations in Cuba. Import and export taxes in the Dominican Republic, which shares an island with Haiti, were under American control.

The French still exerted sway in Haiti, but in 1910, the United States saw an opening to gain a foothold: the reshuffling of Haiti's national bank.

The bank was national in name only. Controlled by its board in Paris, it had been set up in 1880 by the French bank Crédit Industriel et Commercial to deliver eye-popping profits for its French investors and shareholders. It controlled Haiti's treasury — the Haitian government could not even deposit or spend money without paying commissions to it — but the Haitian authorities eventually accused the national bank of fraud, jailing some of its employees.

As Haitian distrust of the national bank deepened, investors from France and Germany scrambled to recast it under new European ownership. The United States cried foul: The State Department called the proposal a threat not only to the United States, but also to the welfare and independence of the Haitian people.

One top State Department official lashed out at the 1910 deal as "so detrimental to American interests, so derogatory to the sovereignty of Haiti" that it could not be permitted.

Secretary of State Philander Knox invited a few Wall Street banks to Washington and encouraged them to invest in Haiti's national bank. Four American banks, including the National City Bank of New York, bought up a significant portion of the bank's shares. Another slice went to a German bank. But the largest piece stayed in Paris.

No Haitians had a controlling stake. The National Bank of the Republic of Haiti was, once again, run by foreigners.

"It was the first time in the history of our relations with the United States that they intervened so openly in our affairs," wrote Jean Coradin, a Haitian historian and former ambassador to the United Nations.

Soon after it was set up, the new national bank did what its predecessor had: charge the government for every deposit and expense, while generating big profits for its shareholders abroad. It also issued a loan to the Haitian government. After commissions and profits were deducted, Haiti received about $9 million — but still had to pay the full face value of nearly $12.3 million.

Haitians started wondering which politicians had been paid off to secure such a bad deal, and the bank became so powerful that one Haitian president publicly mused whether his country had ceded its independence.

French shareholders fretted about growing American control, and with good reason. The U.S. investment in the national bank was the start of the American campaign to squeeze them out of Haiti — with one man in particular egging it on.

Claiming the Gold

Roger Leslie Farnham was a former journalist turned lobbyist when National City Bank poached him in 1911.

His mandate was to push the bank's interests abroad, and Haiti was one of his first stops. He rode across the country on saddle horses he imported from Wyoming and, along the way, became the American government's most trusted source on Haiti.

Farnham, already well known in Washington for his machinations to persuade Congress to choose Panama for the canal, was a frequent caller at the State Department and was close to William Jennings Bryan, the secretary of state under President Woodrow Wilson.

Bryan did not know much about the Caribbean nation. So, in 1912, he invited John H. Allen, a manager of Haiti's national bank who became a National City Bank vice president, to "tell me everything there is about Haiti."

According to Allen's account of the meeting, Bryan was surprised by what he heard. "Dear me, think of it! Niggers speaking French," Allen recounted the secretary of state as saying.

Though Bryan had expressed hostility to Wall Street in political campaigns, declaring "you shall not crucify mankind upon a cross of gold," he trusted Farnham's counsel. The two men met in Washington, exchanged telegrams and wrote each other confidential letters. They eventually became so close that Bryan sought Farnham's approval for new government hires.

Farnham used this relationship to press for an invasion of Haiti to secure American business interests, and he got Washington's attention by raising the specter of a German takeover. At the time, National City Bank's footprint in the country was expanding, and Wall Street began exerting its leverage over Haiti's leaders by withholding the money it controlled at the national bank.

In the months to come, the State Department adopted what diplomats called the "Farnham Plan," laying out the American takeover of Haiti's import and export taxes, a vital source of the country's income.

Though the Americans were still minority stakeholders in the national bank, Farnham later told Congress that France eventually became far too consumed by World War I to run it, so "active management has been from New York." The State Department drafted a convention based on Farnham's plan and sent him to help deliver it.

Haitian lawmakers assailed their minister of foreign affairs over the deal. They accused him of "endeavoring to sell the country to the United States" and even tried to deliver their fury through "severe blows," forcing him to flee the National Assembly "amidst the wildest excitement," according to a State Department telegram.

The national bank punished them for their defiance: It held back funds, and Haiti's government, already reeling from political and economic turmoil, became even more unstable. The country changed presidents five times in three years during successive coups, some financed by German merchants who traded in Port-au-Prince, American officials said at the time.

Then, in December 1914, the State Department stepped in more forcefully. Bryan authorized the Marine operation that seized $500,000 in gold after a last-minute consultation with Farnham.

The Haitian government was outraged, calling the operation a brazen heist of central bank funds and a "flagrant invasion of the sovereignty" of an independent nation. But the United States shrugged off the complaint, arguing that it had taken the gold to protect "American interests which were gravely menaced."

Historians note that American politicians and financiers were not always in sync. "The relationship between Wall Street and Washington was complicated," said Peter James Hudson, a U.C.L.A. associate professor of African American studies and history who has written an account of Wall Street's actions in the Caribbean. "It's a lot of collusion, but it's sometimes contradictory."

At times, Bryan wavered on America's role in Haiti. He believed that Haiti needed American guardianship, but he was reluctant to be a tool for Wall Street. "There is probably sufficient ground for intervention, but I do not like the idea of forcible interference on purely business grounds," he wrote to President Wilson.

But Farnham pressed his hand, issuing what the historian Hans Schmidt called a threat: All American businesses would leave Haiti, Farnham warned, unless the United States government intervened to protect their interests.

In the end, Bryan wrote to Wilson in support of the invasion.

“The American interests are willing to remain there, with a view of purchasing a controlling interest and making the bank a branch of the American bank,” he said. “They are willing to do this provided this government takes the steps necessary to protect them.”

‘The Triumph of the Wolf’

An angry mob dragged Haiti’s president from the French Consulate and killed him in July 1915, part of the political upheaval Wall Street feared — and, some historians say, worsened by withholding money from the shaky Haitian government and seizing the gold.

American troops occupied the country the same day.

The invasion followed a detailed plan that the United States Navy had drawn up the previous year. American soldiers took over the presidential office and the customs houses that handled import and export taxes.

The Americans installed a puppet government, and by that fall Haiti had signed a treaty giving the United States full financial control. The United States appointed American officials, whom they called advisers, but the term hardly conveyed their true power: They oversaw Haiti’s revenue collection and approved, or denied, its expenses.

Martial law became the rule of the land. Private newspapers were muzzled and journalists jailed.

The Americans explained the invasion by saying Haiti was bound to fall to the Europeans, particularly Germany.

“If the United States had not assumed the responsibility, some other power would,” Secretary of State Lansing, who had replaced Bryan a month before the occupation, later said.

Lansing was also blinkered by racial prejudice. He once wrote that Black people were “ungovernable” and had “an inherent tendency to revert to savagery and to cast aside the shackles of civilization which are irksome to their physical nature.”

Racism shaped many aspects of the occupation. Many administrators appointed by the United States came from Southern states and made no bones about the worldview they brought with them.

John A. McIlhenny, an heir to Louisiana’s Tabasco sauce fortune who had fought in Theodore Roosevelt’s Rough Riders cavalry during the Spanish-American War, was appointed American financial adviser in 1919, with broad authority over Haiti’s budget.

At one official luncheon before his appointment, McIlhenny could not stop staring at a Haitian government minister because, as he later told Franklin D. Roosevelt, “that man would have brought $1,500 at auction in New Orleans in 1860 for stud purposes.”

Soon after the occupation, the American overseers started building roads to connect Haiti's mountainous interior to its coast. To do so, they resurrected *corvée,* a 19th-century Haitian law for indentured labor.

The law required citizens to work on public works projects near their homes for a few days a year in lieu of paying taxes. But the American military, along with a constabulary it trained and oversaw, seized men and forced them to work far from home for no pay. Rich Haitians paid their way out of indentured labor, but the law entrapped the poor.

Haitians saw this as a return of slavery and revolted. Armed men, called c*acos*, fled to the mountains and began an insurgency against American forces. Laborers forced into *corvée* fled their captors and joined the fight. One leader of the c*acos*, Charlemagne Péralte, invoked Haiti's revolution against France to call on his countrymen to "throw the invaders into the ocean."

"The occupation has insulted us in every way," read one poster plastered on walls in Port-au-Prince, the capital.

"Long live independence," the poster read. "Down with the Americans!"

The United States responded forcefully. Soldiers bound workers in rope to keep them from fleeing. Anyone who attempted to escape *corvée* labor was treated like a deserter, and many were shot. As a warning, the Americans killed Péralte and distributed an image of his corpse tied to a door, evoking a crucifixion.

Leaked military documents from the time showed that the "indiscriminate killing of natives has gone on for some time," with 3,250 Haitians killed. When Congress began investigating in 1921, the American military lowered the number, saying that 2,250 Haitians had been killed in the occupation, a figure Haitian officials denounced as an undercount. As many as 16 American soldiers died, as well.

"It was a strict military regime, the triumph of the wolf," Antoine Bervin, a Haitian journalist and diplomat, wrote in 1936.

The first few years after the invasion brought little economic benefit to Haiti. American advisers appointed by the United States president collected up to 5 percent of Haiti's total revenues in salaries and expenses — more, at times, than the spending on public health for the entire country.

In 1917, the United States directed Haiti's National Assembly to ratify a new Constitution to allow foreigners to own land. Since independence, Haitians had outlawed foreign land ownership as a symbol of their freedom and a bulwark against invasion.

When Haitian lawmakers refused to change the Constitution, General Butler dissolved parliament by what he called “genuinely Marine Corps methods”: Soldiers marched into the National Assembly and forced lawmakers to disperse at gunpoint. The Americans then pushed through a new Constitution that Franklin Roosevelt later claimed at a campaign rally to have written himself.

American businesses leased thousands of acres of land for plantations, forcing farmers to either serve as cheap labor at home or migrate to neighboring countries for better pay. The Haitian-American Sugar Company once boasted to investors that it paid only 20 cents for a day’s worth of labor in Haiti, compared with $1.75 in Cuba.

According to the Haitian historian Suzy Castor, women and children in Haiti were paid 10 cents a day.

Displaced farmers went to Cuba and the Dominican Republic, setting off what some historians say is the most lasting effect of the American occupation: the mass migration of Haitians to other countries in the Americas.

“This is the big legacy,” said Weibert Arthus, Haiti’s ambassador to Canada and a historian.

As Secretary of State Bryan suggested in his letter before the invasion, Farnham was not satisfied with a share of Haiti’s national bank, so he worked with the State Department to orchestrate a full takeover. By 1920, National City Bank had bought out all shares of the national bank for $1.4 million, effectively replacing the French as the dominant financial power in Haiti.

With Haiti’s national bank under his control, and the troops protecting American interests, Farnham began acting like an official envoy himself, often traveling aboard American warships, historians say.

“The word of Mr. Farnham supersedes that of anybody else on the island,” wrote James Weldon Johnson, the executive secretary of the National Association for the Advancement of Colored People, who visited Haiti in 1920.

Farnham was also not shy about his views on Haiti and its people.

“The Haitian can be taught to become a good and efficient laborer,” he told senators investigating the occupation. “If let alone by the military chiefs he is as peaceful as a child, and as harmless.”

“In fact,” he continued, “today there are nothing but grown-up children.”

‘Haiti Does Not Want This Loan’

For five years, American officials insisted that Haiti borrow from New York banks to settle its past debts. And for five years, Haitians resisted.

“Haiti does not want this loan. Haiti does not need this loan,” wrote Pierre Hudicourt, a Haitian lawyer who represented Haiti in debt negotiations.

Any new loan, Haitians knew too well, would extend the authority of American financial advisers who determined the country’s future from afar. McIlhenny, the Tabasco heir appointed as financial adviser, spent much of the year on his pineapple plantation in Louisiana while drawing a big salary from Haiti’s revenues. He also suspended the salaries of senior Haitian officials who disagreed with him.

By 1922, the United States was determined to arrange a loan from Wall Street. Tired of Haitian resistance, the Americans installed Louis Borno, a savvy politician sympathetic to the occupation, as president.

Borno admired Mussolini and aspired to a Fascist ideal of Haiti’s rapid development under American control, historians say. He once wrote that the invasion “came to us when we were on the brink of a bloody chasm and saved us.” Weeks after he took office, he greenlighted a loan from New York.

National City Bank, which now owned Haiti’s national bank through an affiliate, issued the first loan after securing an upfront guarantee that the United States would manage Haiti’s finances until the debt was paid off. The bank ended up controlling nearly all of Haiti’s foreign debt.

Just as it was during the 19th century, Haiti was often too indebted to invest in its people. Even Borno, addressing National City Bank’s bigwigs in New York, noted that Haiti’s debt was getting paid off faster than the United States’ own.

That continued even with the stock market crash of 1929 and the economic devastation that followed. Years of austerity helped fuel widespread discontent, and plummeting global coffee prices deepened hardship in a country that relied so heavily on the crop. Protests erupted against the United States and the Borno administration doing its bidding.

Students demonstrated against the withdrawal of scholarships. Customs employees in Port-au-Prince stormed their workplace demanding better pay. In the city of Les Cayes, more than a thousand farmers railed against their threadbare living conditions. A detachment of 20 U.S. Marines confronted the crowd and killed at least a dozen people. It became known as the Les Cayes massacre.

Faced with an international outcry, the United States began to contemplate its withdrawal.

Nearly five years later, in August 1934, the last American troops left Haiti. But the United States retained financial control for 13 more years, until Haiti paid off the last of its debts to Wall Street.

How much responsibility the United States bears for Haiti's chronic instability is still a matter of fierce disagreement.

Some historians say the original payments demanded by France to punish Haiti for its independence inflicted a deeper scar on the nation's development. Others say the long history of self-enrichment by Haiti's leaders is the principal cause. But many say that, taken together, more than 130 years of sending a large share of Haiti's income overseas took an indelible toll, sapping its ability to build a nation since its infancy.

"This succession of financial debacles is, in part, responsible for where we are at right now," said Mr. Hudson, the U.C.L.A. professor, adding that the American occupation was a "psychic blow" that curtailed Haiti's independence for decades.

"I think that's as important as any kind of financial loss," he said.

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