

Facultad Latinoamericana de Ciencias Sociales
F L A C S O

Soldados y Ciudadanos en el Caribe

Santo Domingo, República Dominicana
2002

FLACSO

355.332

S684c

Soldados y Ciudadanos en el Caribe

/Lilian Bobea, ed.

Santo Domingo: FLACSO: c2002.

1. Soldados 2. Militares 3. Control civil 4. Fuerzas Armadas
5. Policía – Caribe (región) 6. Democracia 7. Supremacía de la
Autoridad Civil 8. Estado 9. Militarismo – Caribe (región)
10. Ciudadanía – Caribe (región)

I. Bobea, Lilian, Ed.

ISBN: 99934 - 50 - 02 - 2

Soldados y Ciudadanos en el Caribe
Facultad Latinoamericana de Ciencias Sociales
– FLACSO–

ISBN:

99934 – 50 – 02 – 2

Edición a cargo de:

Lilian Bobea

Diseño de portada:

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Diagramación:

En Amigo del Hogar
por Rafael E. Domínguez G.

Impresión:

Amigo del Hogar

Santo Domingo, República Dominicana

Junio 2002

HECHO EN LA REPÚBLICA DOMINICANA

MADE IN THE DOMINICAN REPUBLIC

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Business and corruption: Framing the Haitian military question*

Michel S. Laguerre

Preliminary Note

This essay was written while the army--with its military and police components--was the only security force in Haiti. In 1994, shortly after the return of President Jean Bertrand Aristide to Port- au-Prince--after his exile in Venezuela and then in Washington DC as the result of the coup d'état that overthrew his administration in 1991--to complete his term in office, the army went through a phase of demoralization and demobilization because of the resignation of the leadership, the lack of support from the government, and intense pressure from civil society for its disbandment¹. By December 6, 1995 when the presidential decree disbanding the Interim Police Force--which was made up of "former soldiers and Haitian refugees recruited in the camps on the American base at Guantanamo"²--was proclaimed, the former army became a defunct reality. This essay analyzes the pre-disbandment army relations with the local bourgeoisie and the system of corruption that was integral to its operation. A short post-script further examines the relations of the Haitian National Police with the bourgeoisie from 1995 to 2001.

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1. United Nations, The United Nations and the Situation in Haiti. New York. The United Nations Department of Public Information, 1994.
2. Organization of American States, The Haitian National Police and Human Rights. Washington DC: OAS, 1996, p. 2.

Long before Haiti emerged as a self-governing nation-state, political thinkers of the enlightenment era had concluded that the market arena is the neutral site in which the economic forces of a capitalist country operate. Although regulated by the government, the market's dynamic comes from competitive transactional behaviors involving buyers and sellers in civil society. In this arena, considerations of profits and ethics are in a healthy balance. This balance is disrupted whenever corruption enters as a third factor in any transaction. In Haiti today, the military is the major force that has caused corruption to gain a stronghold.

In Haiti, a long period of turmoil and political unrest followed the collapse of the kleptocratic dictatorial regime of Duvalier-Fils, which he inherited from Duvalier-Pere. In 1991, as the country began preparations for the celebration of the bicentennial anniversary of the Haitian revolution (1791-1803), a young Catholic priest, Father Jean-Bertrand Aristide, emerged as the undisputed leader of the Haitian masses. Already fully versed in liberation theology, he now added to his religious mission the challenge of establishing secular democracy in Haiti and bringing the poor to the center of attention of the state. He was elected president in a landslide victory—evidence that the Haitian people were ready to reap the benefits of a fair, just, and democratic system in government and society, after suffering under a succession of ruthless dictatorial regimes. But after only a few months in office, Aristide was overthrown in a bloody coup d'état engineered by the military in alliance with the Duvalierist opposition and members of the business community. While Aristide was in the custody of the army high command, the French and American ambassadors were able to intercede on behalf of their respective governments and save his life by arranging his safe conduct to exile in Venezuela. Because of the nascent political instability and street violence in Caracas, he later emigrated to Washington, D.C., where he was living with his deposed cabinet.

This is not the first time a Haitian president has been overthrown by the army, but it is the first time the president of Haiti has established a foreign address—Georgetown, USA. And it is the first time national upheaval in Haiti has become an international crisis in which each national faction—the army, the pro-Aristide masses, the business community, the opposition, and the exiled government—has had its own international supporters and detractors. Although no one factor can explain the depth of the political crisis, the army-business connection has played a crucial

role. Understanding this helps to explain all the post U.S.-occupation coups d'état in Haiti.

In some societies, in order to understand the mechanisms of business operations one must incorporate into the analysis the labyrinthine and underground world of corruption. This is certainly the case in Haiti, where corruption is a hidden phenomenon that shapes the formal facade of business. Since corruption is one pole of a continuum—formal business practices being the other—one cannot understand the formal arena of business activities without also considering the informal.

The scholarly study of corruption has been addressed from different methodological and theoretical angles depending on the disciplinary orientation of the practitioners.³ Some see it as part of the ethos of developing societies as they go through the modernization process. For example, traditional practices of gift-giving find their ways into the formal, modern operation of civil society. Ideally in this scenario, full modernization does away with corruption that evolves from traditional origins. Some functionalists see corruption as an impediment to development, since it detracts and undermines the rational order of things and brings unacceptable behaviors into the mechanism. Others conceptualize it as a “form of coercion, namely economic coercion.”⁴ Still others believe that it can serve as an incentive to development, since it cuts through bureaucracy and unleashes economic forces in the market that could remain stagnant under a dormant bureaucracy. Finally, some see it as being unacceptable and unethical behavior in the context of a moral order.⁵ The severity of this moral failing depends on the gravity of the unethical act—whether it is labelled as “black,” “grey,” or “white” corruption (to use Heidenheimer’s terminology) and whether the judgement is made by a maximalist (i.e., an essentialist), a moderate (i.e., a situationist), or a minimalist (i.e., a relativist).

Corruption in Haiti is an informal system that must be decoded in order to understand the micro-technology of business practices and the distribution of power in the military. In the West, when we speak of

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3. Arnold J. Heidenheimer, Michael Johnston, and Victor T. LeVine, eds., *Political Corruption: A Handbook* (New Brunswick, NJ: Transaction Publishers, 1989).
 4. Carl J. Friedrich, “Corruption Concepts in Historical Perspective,” in Arnold J. Heidenheimer et al., eds. *Political Corruption: A Handbook* (New Brunswick, NJ: Transaction Publishers, 1989), pp. 15-24.
 5. Patricia Werhane and Kendall D’Andrade, *Profit and Responsibility: Issues in Business and Professional Ethics* (New York, NY: The Edwin Mellen Press, 1985).

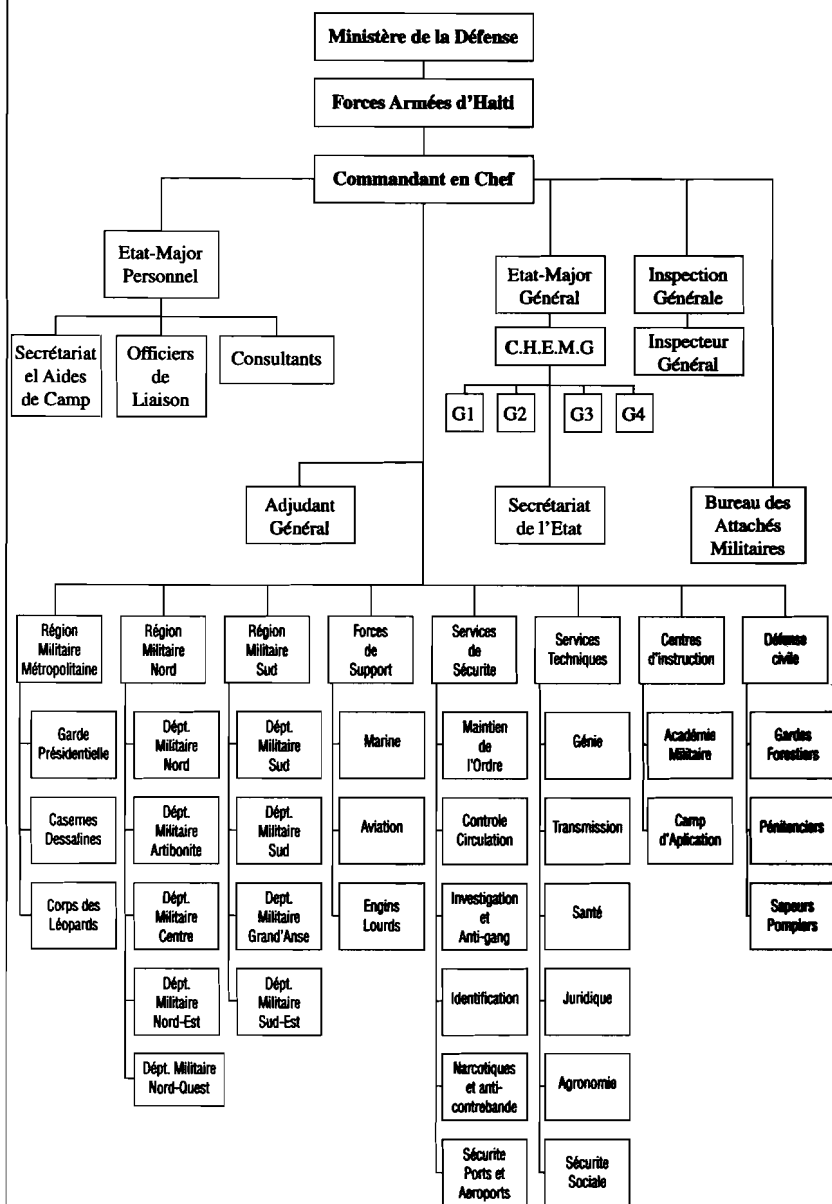
businessmen, we seldom think of the military, but rather of individual civilians who are free to engage in economic transactions for the purpose of making a profit. In Haiti, correlated business-military corruption must be understood in terms of individuals—both civilians and military—engaging in unethical activities as a way of gaining extra profit. In the scholarly literature, military corruption is often seen in terms of “political corruption”: using one’s office to advance one’s career, providing advantage to a clique, or even engineering a coup d’etat. Cultural, historical, political, structural and bureaucratic explanations of corruption were recently reviewed and systematically analyzed by Holbrook and Meier.⁶ I want to deconstruct the technology of power in the Haitian military by studying military corruption as an informal economic system. In so doing, I see the military problem located first and foremost in the informal arena of business-military relations from whence it negatively influences or shapes the formal outcome. Thus the manifestation of corruption in the formal arena is the end result of its trajectory from the informal arena. This local phenomenon also has a transnational content, and it follows that the study of the transnational process cannot be divorced from its local context.

The military as police

The problem of studying the Haitian military is compounded by the fact that it serves also as a police force (see Figure 1).⁷ In the military and the police, we are not dealing with two different fields of study or two different arenas of practice. Therefore, we must study the system in its everyday practice: officers may serve at one point in their career as military and at another time as police. In academia, these constitute two different spheres of study as the orientation of each is different. For the army, it is the protection of the state from foreign enemies—a security system; this is a military function. For the police, it is the maintenance

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6. Thomas M. Holbrook and Kenneth J. Meier, “Politics, Bureaucracy, and Political Corruption: A Comparative State Analysis,” in H. George Frederickson, ed., *Ethics and Public Administration* (Armonk, NY: M.E. Sharpe, 1993), pp. 28-51.
 7. *Forces Armees d’Haiti, Reglements Generaux des Forces Armees d’Haiti* (Port-au-Prince: Imprimerie de l’Etat, 1987). Michel S. Laguerre, *The Military and Society in Haiti* (Knoxville: The University of Tennessee Press, 1993).

Figure 1. Haitian Security Forces



Source: Forces Armées d'Haiti, Règlements Généraux des Forces Armées d'Haiti (Port-au-Prince: imprimerie de l'Etat, 1987)

of law and order and the protection of the citizenship from internal disruptive activities; this is a civilian function.

This shifting of roles has always created a great deal of tension between the military as military and the military as police. While a military man in command of the police force is a line officer, the general in charge of the army is a staff officer. The latter is not directly in charge of any battalion and therefore can do very little to discipline a recalcitrant commandant of the police who himself heads a battalion. It is here, in the intersection linking the military to the police, that corruption thrives and reinfilters both the military and its police unit.

The coalescing of the military and the police was an American idea, not necessarily engendered in Haiti. It was institutionalized with the U.S. occupation of the half-island republic. The modernized and professional army that the U.S. Marines established and developed in Haiti from 1915 until they left the country in 1934 was intentionally an army that also served as a police force. This arrangement has led to the following outcomes:

- The army, by controlling the means of violence, has the ability to overthrow any civilian government at will. There are no other armed forces capable of resistance since both the navy and the air force are units of the army and therefore lack autonomous status.
- The army is free to engage in any corruption scheme it may develop since it gets protection from the police, a unit under military control.
- The army's ability to interface with civil society through the police force provides a source of extra-legal income.
- Any constitutional mandate to separate the army from the police can be implemented only with military compliance, and even then only under terms agreeable to the military; otherwise the presence of an outside force is needed to effect this change. This has been the dilemma faced by any civilian government whose constitutional duty has been to separate the army from the police since the American marines left Haiti in 1934. Although this has been a specific clause in all post U.S.-occupation Haitian constitutions, every civilian president who attempted to enforce it was faced with resistance from, if not overthrown by, the army.

The route of military corruption

In a forthcoming book entitled *Multinational Family Organization*, I describe the route of military corruption using the model of the corporate firm as a framework. I indicate that a productive way to understand the Caribbean family-household is to see it as a multiproduct firm engaged in revenue maximization, profit maximization, and cost minimization. The corrupt military officer uses his position in the army to maximize the revenue of his family-household. I propose that, unlike the standard sociological practice of studying the army as an autonomous institution, linkages should be made to household, business, and governmental practices. This is so for three reasons:

- The professional soldier is the chief entrepreneur of his household. His goal is to maximize his gain—and not simply to care for his family, but also to prepare for his retirement from the military.
- His connections with the government can either enhance or obstruct the achievement of his goal.
- Serving as an informal broker between the government and the business community is a sure way to maximize one's household revenue.

I follow here not the public-interest definition, but the economic definition of corruption, as stated by Van Klaveren.⁸

We will conceive of corruption in terms of a [military officer] who regards his public office as a business, the income of which he will...seek to maximize. The office becomes then a "maximizing unit." The size of his income then does not depend on an ethical evaluation of his usefulness for the common good, but precisely upon the market situation and his talents for finding the point of maximal gain on the public's "demand curve."

This definition implies *abuse of authority* in the sense that one uses the office not for the public good but for a purpose not legitimized in its

8. Jacob Van Klaveren, "The Concept of Corruption," in Arnold J. Heidenheimer et al., eds., *Political Corruption: A Handbook* (New Brunswick, NJ: Transaction Publishers, 1989), pp. 25-28.

mission. It is a breach—intentional—from the mission assigned. It implies the *oppression of others* in the sense that civil society is victimized or is robbed of something that belongs to it. It implies the notion of carrying out a corrupt act for *personal gain* in an *illegal* or *unethical* way. Finally, it implies the idea that the professional soldier is an entrepreneur—kleptocratic, parasitic, and competitive.

The idea of studying the military man as a business person is central to understanding the role of the military in Haitian society. As Theobald notes:

To be successful he must have many of the attributes of the entrepreneur. He must make optimal use of the resources at his disposal: contacts, information, the ability to deploy inducements and pressure. He must be able to negotiate an appropriate price for the goods he is offering as well deal with competition[He has] a marked ability to “organize” to “manage” and, above all, to react quickly to rapidly changing circumstances.⁹

The following examples provide an illustration how the system works.

Case 1. An officer who owns a business in Port-au-Prince—Not only does he avoid paying the usual taxes to the state, but he is able to get merchandise from Customs before other competitors. He does not have to pay bribes and kickbacks to secure proper papers for his business, and he does not need to pay extra for the protection of his operation. As a result of the above, his overhead cost is lower than that of his competitors. Since he is a military officer, clients patronize his store to be in his good graces. They also pay their debt on time to avoid potential harassment, and as a consequence the officer loses little money through defaults.

Clearly, his military position places the officer ahead of his competitors, and it provides other advantages that are not available to civilian business men.

- The military entrepreneur competes without following the rules of competition. His illegal activities give him the advantage over civilian business persons who could go to jail for doing the same thing.

9. Robin Theobald, *Corruption, Development and Underdevelopment* (Durham, NC: Duke University Press, 1990), p. 118.

- Often he can call on a soldier or a prisoner to help him out of difficulties.
- He can provide an extra incentive to his clients that no other businessmen can: military protection if their fate goes sour politically. This protection is particularly needed by a businessman who happens to be a member of the opposition and may be mistreated, especially during the interim period after the collapse of a regime and before the election of a new one. During the interim the military is likely to be in charge and one's business can become very vulnerable.
- Since the military officer can also harass, undermine, or undercut the activities of competing businesses, his collaboration is sought rather than challenged. Competition works to his advantage because his competitors may want him to succeed as a barometer for their own success.

Case 2. An officer who is not selling goods, but rather his services—This is a nebulous area in the business world of Port-au-Prince. Some are known as informal brokers, the persons to go to to get things done because of their connections and power in the informal arena. Others are engaged in corruption schemes in a selective way; they choose their clients or the kind of transactions they engage in either because of available opportunities or moral constraints.

All these professional soldiers are businessmen. But by being in the army as well, they can provide range of services that facilitate matters for civilian businessmen: a permit here, unblocking merchandise from Customs there, contacting a government official on behalf of someone, releasing someone who was illegally arrested. All these transactions bring a monetary return.

These officers use the military uniform to succeed in the civilian sector of the economy. Their aid can be basic to the success of someone's business. They play a strategic role in unblocking the bureaucratic system, unleashing energy that allows people to carry out their social and economic activities. In this way the officers maximize their own revenues and can invest their money at home and abroad. The money earned can be a modest amount if the operation involves helping someone in a routine procedure that involves no risk, or it can be enormous if it involves protecting or facilitating drug trafficking.

The officer plays a central role in unblocking the operation of formal business. What the dormant bureaucracy keeps stagnant, he helps move. He is making money by using his military uniform while performing a civilian function. In other words, he is exploiting the military system for personal gain.

Case 3. The professional soldier who provides services to business establishments through a clique of intermediaries—As the head of these operations, he is not directly involved: he plays the role of a godfather—a guide and strategist behind the scenes. In the formal arena, he is a full-time military person. His business activities are carried out exclusively in the informal arena, where his visible business partners and clients are his intermediaries. His business connections with firms are clandestine. Indeed, his business succeeds precisely because of his connections with these shadowy figures that people the informal arena. In short, formal success results from strategies carried out in the informal arena.

All these examples illustrate the fact that professional soldiers are engaged in economic pursuits, that the business world of Port-au-Prince is interlocked in the process, and that military business is embedded in corruption, which stamps civilian business with its own coloration.

Corruption as an informal system

The formal aspect of the military cannot be understood unless attention is paid to corruption as an informal system. It is produced by the formal system and at the same time reshapes it. As an informal system, it is fundamental to the everyday practice of the soldiers, to the operation of the army, and to the transformation and dynamics of the business community.

As an informal system, corruption has its own grammar, with syntactical rules that can be expressed as a series of processes:

- the normative process,
- the linkages,
- its mode of expression,

- its ability to form or disrupt social groupings,
- its ability to undermine or strengthen the formal system, and
- its social reproduction.

The normative process refers to the espoused ideology, which allows one to circulate in the informal arena, sometimes in an unethical or illegal way. It is effected by people who are aware of the limits of the formal arena and do not mind slipping back and forth as a way to strengthen their economic position in society. The norms of the informal arena are not necessarily the same as those of the formal.

The linkages are effected in three ways. First, there are the linkages to a hierarchical superior from whom one expects some form of protection. These forms include job security and assignment to a strategic post (strategic not in terms of the well-being of the military institution, but for one's personal gain). In some posts, one cannot engage in corruption schemes as a source of extra-legal money without some risks. These are posts where one interfaces with civil society. The horizontal linkages are with peers who provide guidance and whose solidarity can be counted on. Linkages to those who are below are with the clients that depend on the military for services and protection and who facilitate matters for them.

Corruption's mode of expression is almost always covert. Because of the nature of the operation, it is hidden, veiled, underground in the informal arena. No formal written contract is delivered, contact is through oral communication so that it cannot be documented and used to prosecute an individual. Maneuvers are carried out behind the scenes to conceal the identity of the actors.

The function of corruption is either to strength existing groups or to disrupt them. Corruption always involves at least two actors because it maintains groups as interlocking gears for its existence. Over time, it stabilizes a group because it creates internal bonds. Members of the corrupt clique tend to help each other. It can also be disruptive in the sense that it brings about disunity and distrust in the group when the participation in corrupt practices is not the intention of every member of the group.

In a sense, corruption is produced by the rigidity of the formal system; it unblocks and speeds up the process of the system. But it also produces

the formal system. It fills the interstices of the formal system, allows its decomposition, and provides new impetus for its recomposition.

Corruption brings both money and power by dividing the army into factions and by repositioning these factions. Corruption also reproduces itself over time because the agents recruit members according to the law of supply and demand. The inflexibility of the formal system causes actors to bring their corruption schemes into the underground where they are protected by secrecy and where they can flourish and reproduce themselves in the shadow of the formal system.

Displacement and redistribution of power

Over time, corruption causes displacement and redistribution of power throughout the military. It has played a major role in undermining the authority of officers in positions of power, elevating the power of subaltern officers, decentering the effectiveness of the central authority, and repositioning individual officers and cliques.

Those officers who according to their ranks are supposed to provide professional leadership to the army cannot effectively do so when other power centers in the army are fed by corruption. In other words, orders from the army high command are not always executed by lower ranking officers because of the strength of these alternative power centers. This strength is based on their ability to recruit new members to sustain them in their connections to civil society.

In actuality, the army is divided into three centers or poles of attraction. The formal system of power is hierarchical and based on professionalism, seniority, and competence. The informal system of power—naturalized over time—allows the smooth functioning of the institution. It complements the formal leadership through its own informal leaders and cliques, which serve to connect various parts of the system to each other—a function the formal system cannot always fulfill. In this sense, the army is not different from any other formal system or organization.

Corruption brings in a third pole with a multiplicity of power centers located between the formal and naturalized informal systems. One cannot think of this category as fixed points in the system. Rather, corruption

has a dynamic character. Power centers develop and sometimes collapse when they outlive their usefulness.

The shifting power centers of corruption have the following characteristics: they are routinized or have a career of their own; they can be permanent, incidental, or cyclical; they can be individual-oriented or group-embedded.

Corruption is routinized when it becomes a part of the ethos of everyday military life and practice. While civil society may define certain acts as corrupt, the military may or may not see them as corruption because of the socialization of the soldiers in such a subculture.

Corruption in the military can be seen as permanent when a professional soldier is engaged in a continuing illegal side venture (such as drug trafficking). He is able to maintain this business activity as long as supply and demand remain steady and as long as he is able to keep his position in the army.

Corruption is incidental when a one-time opportunity to make extra cash presents itself. It is a job done for a specific client and does not require any repetition. Such an action does not transform the individual into a power center since a network does not need to be established for the success of such a passing operation.

Corruption in the army becomes cyclical when it follows the rhythm of the season—"cyclical" is interchangeable for "seasonal." For example, cyclical corruption is at full speed during the period of the year when civilians are recruited to harvest sugarcane in the Dominican Republic. Although this has been a state-sanctioned government racket, military officers have been able to get their share of the bounty.

Corruption in the army also varies in terms of the degree of involvement or participation of the individual officers. For example, one may participate as the head of the chain, or as an advisor to the leader, as a beneficiary of the scheme, or as a protector of the operation. The level of involvement is one criterion that can be used to understand how corruption shapes the architecture of informal power in the army.

Corruption constructs a parallel network of power centers. Sometimes the officers at the centers of these networks are the formal and informal leaders of the army. To the formal or informal power—invested in them by the very fact they function as formal or informal leaders—is added a form of raw power accrued through corruption. At other times, individuals are able to establish themselves as power centers with a network of

associates without necessarily being known either as a formal or informal leader.

Corruption, therefore, has redistributed power, creating new poles of attraction, and thereby decreasing the power of the central authority. It provides multiple points of connection with civil society that may eventually eclipse or neutralize the power of the high command of the army. These points constitute alternative power centers that cater to the parasitic business needs of their clientele and provide alternative points of entry into the army by civil society.

These alternative power centers can be seen as forming a hierarchy. While some centers function as alternative cliques, others function as cooperative entities in which individual members or associates are allowed to participate at various levels in more than one group. Because it is based on illegality, this informal hierarchy of power is able to maintain itself through recruitment. Over time, some centers disappear and others are created by the initiative of individual professional soldiers, or simply because a parasitic soldier-entrepreneur sees an opportunity and exploits it.

National business headquarters

Corruption is one bridge that links the national business community to the military in Haiti. Although reliance on the military is not a *sine qua non* for conducting business in Port-au-Prince, it becomes a necessary condition for the long-term survival and success of any major business venture because it provides an edge against competitors. There are two areas where the local business community is vulnerable and where they often seek the protection, support, and collaboration of the military: the need to protect one's business or property, and the need for someone to facilitate dealings with the state.

The business community has always been at the whim of whatever clique happens to hold office at the head of the government. Often businessmen help elect the president in office. For protecting a business, the civil government may not be the most reliable partner, since it comes and goes and is also at the whim of the military. It is the view of the business community that after the collapse of the government, the army will still be around. So only the army can provide maximum (if not permanent) protection and security.

Protection is needed to guard against theft, to pressure those who owe money to pay up (especially if they happen to be government officials), to deal efficiently with a local bureau (for example, to secure an exit visa or a registration permit, or to clear merchandise through Customs), to maintain a monopoly over a sector of the economy, or even to intercede on behalf of a client or acquaintance in trouble with the law or the government.

The businessman is as vulnerable as the rest of civil society, so buying protection from the army is essential for longevity in the profession. The reliance of the business community on the military tells us much about the nature of the state.

Since the 19th century, the government has needed the financial support of the business community, and in turn the business community has looked to the government for protection. But once a government collapses, the protection is gone. It is therefore in the period of crisis—the interim between the collapse of one regime and the installation of another—that the business community is most vulnerable. Businesses are burned by the mob, and businessmen jailed or exiled. Many businesses vanish at this time.

Therefore, business also looks to the military for protection. Particularly during the interim period between governments, the business community expands a great deal of energy to create and maintain a steady and healthy relationship with the army.

Because they are not always sure whether the protection of either the government or the army will be forthcoming, business people have used the following strategies to prevent a total loss of their assets:

- Some feed both the government and the opposition financially while buying protection from the army. They strive to learn about an impending coup ahead of time, or even finance a coup so that they may control the outcome.
- Some invest some of their money elsewhere, either placing it in a foreign bank, or buying real estate in another country.
- Some maintain dual citizenship so that in case of loss of property, they may ask a foreign embassy for help.

- All of this effort and expense by the business community to remain in operation and make a profit has led to the following consequences for the state:
- Taxes that are supposed to be collected by the state for the common good are not used for that purpose. Some of this money is given to military and government officials for protection.
- The business community is undermining its own welfare because the infrastructure and basic facilities cannot be sustained by the state without a healthy tax base. For example, in the absence of a reliable hospital, the business person must go elsewhere for treatment. Why not to Miami? Of course, the cost is much higher there than in Port-au-Prince.
- Since a venture can be destroyed at any time if the army withdraws support, the business community becomes more kleptocratic, ready to squeeze as much as they can from the local population, giving little in return.
- In the triangular relationship between the business community, the army, and the government, civil society tends to be the loser. The workers are forced to labor under difficult conditions with little or no fringe benefits or job security.

The engagement of the military in corrupt practices could be curtailed if the state could organize itself to collect taxes from the business community and to provide protection for their operations. At the same time, it should implement some form of deregulation that would eliminate the need to use the military as a broker, and to undermine the ability of the military to engage in contraband, since market competition would determine both access and costs.

This is why President Aristide was not well advised to pressure the business community to shape up without providing it sustained and guaranteed security; its best alternative was still to seek protection from the army. But the army already felt insecure about the new President's intentions and the future of their own business ventures, so the call to oust Aristide from office became irresistible.

International business subsidiaries

The relationships that international business subsidiaries operating in Haiti maintain with the army have much in common with the military relationships maintained by national businesses owned and operated by Haitians. Their common purpose is to enlist military support to smooth things out with the bureaucracy and provide protection.

I fully agree with economist Francisco Thoumi when he notes that "Haiti is a society in which it is necessary to have adequate personal connections in order to operate a business successfully. While it is true that personal relations help in every economy, in the Haitian environment they are of vital importance....Economic success is associated with appropriate connections, not with risk-taking and innovation....Most of the foreign manufacturing firms in the country operate in partnership with a Haitian who uses his connections to eliminate problems."¹⁰

However, foreign subsidiaries are also different from national businesses in their everyday operations as they receive some protection from the government. Thus they are less dependent on the military for protection, and also less vulnerable to harassment, since it is understood that investigations will be carried out and indemnities paid in such cases.

It is worth quoting from a recent case involving American shareholders. They sought congressional help to recuperate their assets that were confiscated by a powerful military officer in Port-au-Prince during the interim period after the collapse of the Duvalier administration and before the installation of a new civilian government. In a letter to Congressman Walter E. Fauntroy, dated March 25, 1988, Mike Nehmah (Nehmah and Associates, Attorneys at Law) wrote that "The US shareholders of Hamarex S.A. are appalled at the doings of Colonel...using his military might and conniving with some employees of the Bank Nationale to extirpate and enjoy for his benefit and his cartel, our assets....We feel that the moment has come for us to present our revendications and regain possession of our assets which number in the millions of dollars."¹¹

10. Francisco E. Thoumi, "Social and Political Obstacles to Economic Development in Haiti," in Henry Paget and Carl Stone, *The Newer Caribbean: Decolonization, Democracy and Development* (Philadelphia, PA: ISHI, 1983), pp. 214-216.

11. U.S. House of Representatives. U.S. Foreign Policy and International Narcotics Control, Part II, Hearing Before the Select Committee on Narcotics Abuse and Control, House of Representatives, One hundredth Congress, Second Session, (Washington, D.C.: U.S. Government Printing Office, 1988), p. 123.

Even the destruction of the business is not such a total loss to a foreign subsidiary as to a national business. The host state may pay recompense, or force the guilty party to do so, or cost may be recovered from insurance. In any case, since the headquarters is in another country, there is not the same sense of total loss as a national business suffers. So, for a foreign subsidiary, reliance on the military is considerably less than for a national operation, for which it is a *sine qua non*.

Foreign operations also sometimes seek protection indirectly through their embassy, rather than bribe the military. But to make the exchange work, something must be given in return. Sometimes the embassy is able to help reposition the officer in the army, to arrange a reciprocal favor such as a visa for an officer or a family member to visit the United States, or to form some other covert relationship of mutual benefit.

The current practice of international business bribing the local military is not peculiar to Haiti, but its prevalence has reached new heights with the expansion of multinational corporations into the third world. Companies that follow trade guidelines in their home countries become more lax when establishing subsidiaries elsewhere.¹² They feel compelled to bribe the military in order to set up businesses in the new country, to lower overhead costs, or to gain advantage over their competitors. There exists today a double moral standard in international business practices. Transactional and transnational corruption have become a fact of life.¹³ Hence, military corruption has acquired an international dimension that sustains it.

The U.S. Congress is well aware of this behavior and has seen fit to take preventive measures to curtail it. Pastin and Hooker wrote that "on December 20, 1977, President Carter signed into law S.305, the Foreign Corrupt Practices Act (FCPA), which makes it a federal offense for American corporations to offer or provide payments to officials of foreign governments for the purpose of obtaining or retaining business....The Act does not prohibit 'grease' payments to foreign government employees whose duties are primarily ministerial or clerical, since such payments

12. Jack N. Behrman, *Essays on Ethics and Business and the Professions* (Englewood Cliffs, NJ: Prentice-Hall, 19B8), pp. 289-290; Thomas Donaldson, "Multinational Decision Making: Reconciling International Norms:" in Milton Snoeyenbos et al., ed., *Business Ethics* (Buffalo, NY: Prometheus Books, 1992), pp. 518-530.

13. Stanislas Andreski, "Kleptocracy, or Corruption as a Form of Government," in *The African Predicament* (New York, NY: Atherton, 1968), pp. 92-109.

are sometimes required to persuade the recipients to perform their normal duties.”¹⁴

The Foreign Corrupt Practices Act is only a first step. It still leaves much room for manipulation since there are forms of bribes that are protected (for example, those that are given to individuals in the pursuit of their ministerial or clerical duties). Justification for such bribes is often provided by the military officers. When they request money, it is seldom for themselves but to give to civilians bureaucrats who are in charge of governmental offices. Businessmen have their own way of justifying the bribes they give to military personnel. As Key observes, “businesses usually claim that all their bribes are ‘protection’ money which they are compelled to pay.”¹⁵

Since this type of subsidiary corruption involves a business person and a military officer, the Foreign Corrupt Practices Act regulates one party, but not the other. To be effective, it must be backed up by an implementation of local state laws against military corruption.

This international aspect gives the military the opportunity to squeeze the national or foreign business, or both. This outside source of extra-legal income also influences informal military rankings as it contributes to the repositioning of officers in the institution.

The model of business-military relations

The informal practices that shape the formal operation of the political system can be presented in terms of a model of business-military relations (see Figure 2). This model attempts to explain some fundamental aspects of the political instability of the half-island republic of Haiti.

The model demonstrates:

- that the overthrow of the Aristide regime is not an exceptional case, but rather conforms to the patterns of military coups in Haiti;

14. Mark Pastin and Mikael Hooker, “Ethics and the Foreign Corrupt Practices Act,” in Tom L. Beauchamp and Norman E. Bowie, eds., *Ethical Theory and Business* (Englewood Cliffs, NJ: Prentice-Hall, 1983), pp. 280-284.

15. V. O. Key, “Techniques of Political Graft,” in Arnold J. Heidenheimer et al., eds., *Political Corruption: A Handbook* (New Brunswick, NJ: Transaction Publishers, 1989), pp. 39-49.

- that the strong informal relations between the business community and the military are likely not only to influence, but also to upset the balance of forces at the formal level, if the formal relations between the government, the business community, and the military are weak;
- that the stability of the business sector has been maintained because of the protection it gets, not necessarily from the government, but rather from the army (we are referring to a cartel of the business sector, rather than to specific businessmen);
- that the stability of the government also depends on the military protection; therefore the stability of the business sector has become a condition for the stability of the government;
- that the strong informal relationship between the business community and the military results from: the business community conceives of it as essential for survival; the inability of the government to provide security because the military, instead of cooperating, extracts money either from the business community or the government (or both); and the harmony of interests between the business community and the military, since the alliance benefits the military as well; and
- that any perceived threat from the government to the military or the business community (or both) is likely to lead to an informal army-business coalition and to a coup d'état.

Corruption is thus a fundamental factor that creates and feeds the Haitian societal crisis. Its negative impact is most felt by civil society where "the losers are repudiated as victims, injured as tax payers, and swindled as citizens."¹⁶ Military and business corruption have contributed immensely to the chaotic situation in Haiti. This pattern of "naked self-interest intensifies social inequalities, encourages social fragmentation and internecine conflict, and propels a corrupt society into an unremitting cycle of institutional anarchy and violence."¹⁷

16. Jeanne Becquart-Leclercq, "Paradoxes of Political Corruption: A French View," in Arnold J. Heidenheimer et al., ed., *Political Corruption: A Handbook* (New Brunswick, NJ: Transaction Publishers, 1989), p. 210.

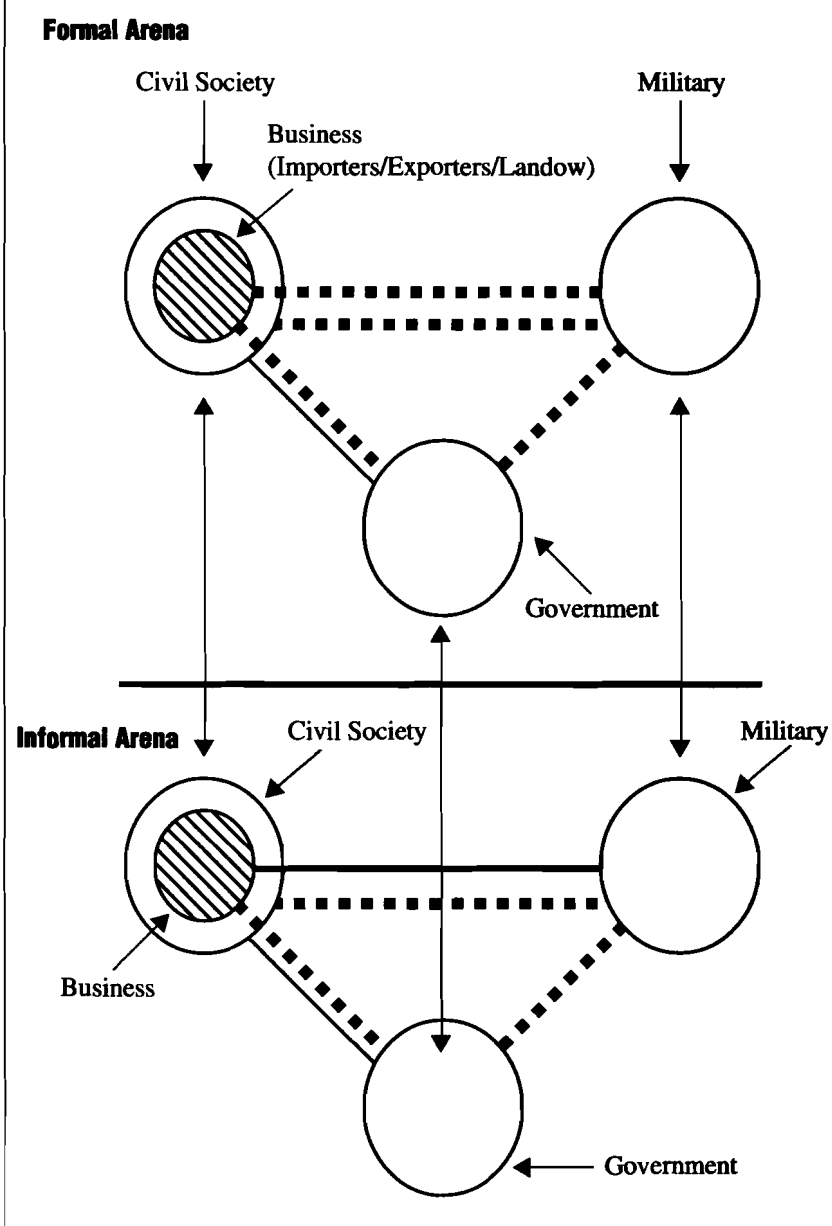
17. Theobald, *op. cit.*, p. 130.

There are steps that the country can take to curb corruption and eliminate violence. I propose here three basic recommendations:

- The separation of the police from the army, the creation of an independent civilian police force, and the demilitarization of the country (by reducing the size of the army and reorienting the personnel more toward development than toward defense and internal security). These conditions are a *sine qua non* for the implementation of democracy in Haiti.
- The repositioning of the bourgeoisie through the elimination of monopolies controlled by a handful of families. This is a necessary condition for the stability of the state. The monopolies in this soft state fundamentally threaten national security by exploiting the local people through unfair trade practices and by undermining the stability of the government in times of crisis.
- In an effort to eliminate corrupt informal relations between the army and the business community, I propose that some reforms be instituted in “the system of overregulation...that prohibits individuals from conducting business unless they pay bribes or are themselves in positions of bypassing the excessive regulatory structure. By lowering or eliminating the regulations and extortionist taxes to a level where avoidance costs are greater than the costs of complying with them, the reason d’être for most sources of corruption (and coercion) would be eliminated...[I further propose that] a dramatic derègulatory program that would undercut both the route of entrepreneurial corruption and the source of power that the military uses to manipulate economic and social events in Haitian society” be implemented.¹⁸

18. Michel S. Laguerre, “What the CIA and Aristide Should Know About Haiti,” *The Wall Street Journal*, October 15, 1993, p. A13. Michel S. Laguerre, *The Military and Society in Haiti* (Knoxville: The University of Tennessee Press, 1993).

Figure 2. Model of Business-Military Relations



Postscript

The disbandment of the army and its replacement by the Haitian National Police, a civilian institution, has altered but not eliminated corruption as a modus operandi of the system. It is important to analyze how corruption has infiltrated this new institution and how it operates since its “continued existence” has been highlighted by some observers and analysts¹⁹.

On October 15, 1994, Aristide was reinstalled as *de facto* and de jure President of Haiti after the military leadership had resigned, was granted amnesty by Parliament, and left the country. This abrupt departure of the leadership brought some chaos in the institutional organization of the army since the lines of command became blurred and lower ranking officers and foot soldiers were now receiving orders from the US-led military invasion force. When the Interim Police Force and later the Haitian National Police were created by governmental decrees, the army completely disintegrated because some of its members were recruited to serve as policemen. The same US Marines who created the Army during the US invasion of Haiti in 1915 were back in town with the second invasion to witness the disintegration of this same army in 1994.

Since the Interim Police Force was by definition a transitional organization, this postscript will not analyze its relations to civil society, but rather will focus on the relations between the Haitian National Police and the bourgeoisie and the government. First of all, it must be said at the outset that the Constitution of 1987 upheld the principle of the continued existence of the Haitian Armed Forces as a separate civilian police force for the protection of the state and the nation. Therefore the military cannot simply be abolished by a presidential decree, but only by a constitutional amendment. In fact, the Haitian military question is yet to be resolved.

Between the bourgeoisie and the National Police Force, I select the rise of security forces as a mitigating factor for further analysis. Because of the level of street insecurity, members of the bourgeoisie have elected to hire security forces for protection for themselves and their properties.

19. Organization of American States, *The Haitian National Police and Human Rights*, Washington DC: OAS, 1996.

The widespread use of security forces—not only by the bourgeoisie, but also by opposition politicians and political parties on the one hand and by agencies and employees of government on the other hand—complicates the mathematics of Police- bourgeoisie-government relations. For example, the The OAS reports that “police-related functions have sometimes been carried out by groups of civilians with no formal link to the HNP. These groups, some of them armed, have illegally assumed powers of arrest, search and seizure, and have been known to commit offences or crimes, which impinge on the right to life and physical integrity of the person ... Elected and government officials have almost systematically employed private security agents, as bodyguards for government personnel, and to provide security for government buildings and property. In some cases, violence has resulted when the guards have acted in excess of their duties. Security guards acting for mayors’ offices in the capital carried out operations to decongest streets and pavements in April and May 1996”²⁰.

As a result of this practice, a constant migration from the police to the private security industry—because they are better paid and less exposed to civilian anger, protests, and challenges—has attracted the attention of analysts²¹. This is a factor of instability in the functioning of the Police Force since some recruits trained by the state end up using their services in the private sector. This factor also undermines the *esprit de corps* that must reinvigorate the organization for its efficiency. Moreover, the hiring of security agents constitutes a major transformation in the relations of the bourgeoisie with the Police. The bourgeoisie now must rely on private security for protection instead of bribing the Military. It is a major setback since a private security firm only provides protection for the person and his/her property while military protection includes the above, plus the sharing of intelligence and easy access to state officials and agencies (protection from paying tax, maintenance of monopolies, contacts with cabinet ministers, and access to civil servants in important administrative positions). The cost of doing business in Haiti for the bourgeoisie is now higher and riskier. While in its dealing with the military the bourgeoisie

20. Organization of American States, *The Haitian National Police and Human Rights*. Washington DC: OAS, 1996, p. 19.

21. Organization of American States, *The Haitian National Police and Human Rights*. Washington DC: OAS, 1996.

was called upon to give occasional gifts and to facilitate business contacts for military men who were entering the trade, now members of this class must formally hire and pay monthly wages to security personnel. While bribing the military was a way of avoiding paying tax, hiring a private security guard cannot help in this arena.

The politicization of the army did not alter its relations with the bourgeoisie because both saw the US as partners that helped and encouraged the alliance for the stability of the state and prosperity of commerce. In practice, the role of the army was the protection of the government and bourgeoisie against the poor people that comprise the majority of the population. As an institution the army was not in constant conflicts with the bourgeoisie since these relations were worked out at the individual level as a result of the corruption factor that shaped them. However, conflicts between the army and government did occur over issues of salary increases, promotions and transfers, state policies and because of pressure from time to time from the bourgeoisie to engineer a coup d'état to fix an impending political succession problem.

The US and the bourgeoisie no longer enjoy that same level of influence over the Haitian National Police²². This is so because of the shift from US military and Haitian military relations to US military and Haitian National Police relations. These two units have different orientations, pursue different goals, and train differently. Hence now there is a major hiatus in the collaboration between these units which also affects the relations between Haiti and the Dominican Republic in terms of public security and the security of the entire island. The Dominican military is left to do the heavy lifting by itself or else in the long run may be exposed to pressure from civil society for its own dismantling as well.

Because of the proliferation of security forces and their infringement on police work and because no legal instruments have been devised to

22. US Congress, US Policy Toward Haiti. Hearing Before the Committee on International Relations, House of Representatives, One Hundred Sixth Congress. First Session, Tuesday November 9, 1999. Washington DC: Committee on International Relations, US Government Printing Office, 1999. US Congress, GAO Assessment of United States Judicial and Police Reform Assistance in Haiti. Hearing Before the Committee on International Relations. House of Representatives. One Hundred Sixth Congress, Second Session, September 19, 2000. Washington DC: US Government Printing Office, 2000. United States General Accounting Office, Lack of Haitian Commitment Limited Success of US Aid to Justice System, Statement of Jess T. Ford, Tuesday September 18, 2000. Washington DC: GAO, 2000.

oversee their relations to the Police, any analysis of police-civil society relations must pay attention to the private security industry factor. While this new situation of the plurality of security forces makes it difficult to stage a coup d'état, it certainly invites a tense situation which justifies their proliferation. While bribing by the bourgeoisie is reduced since it is transformed into the payment of regular wages to private security officers, corruption through police transactions with narco-traffickers²³ remains a major factor among the civilian police force. This explains the augmentation in the size of the volume of drugs transshipped in 2000 through Haiti.

Since the military was perceived by the population as being at the service of the US and bourgeoisie, the new police force has been engineered by the Aristide and Preval administrations to be at the service of the people. For this to happen, they thought it necessary for the government to maintain closer relations with the police to prevent both the US and bourgeoisie from using it as they once used the army. But closer relations with the government implies politicization or even a certain control of the Police by the government. This process of governmentalization of the Police has unduly politicized the institution at the expense of the opposition political parties.

23. National Coalition for Haitian Rights, Can Haiti's Police Reforms Be Sustained? *Haiti Insight* 8(1): 1-5, 1998.