Case 6

“Hemmed In”

Even before Haiti’s devastating earthquake in January 2010, economists and politicians debated how to help Haiti rise from its grinding poverty. Since the earthquake, the island nation’s economic situation has become dramatically worse.

In 2009, Paul Collier, an Oxford economist, forecasted that global recession and weather disasters would continually threaten Haiti’s 'fragile' socioeconomic condition. His report to the United Nations Secretary-General, entitled *Haiti: From Natural Catastrophe to Economic Security*, recommended establishing garment factories where hundreds of thousands of Haitians could work. Though some economists and investors view Haiti as caught in an intractable cycle of despair, Collier pointed out that Haiti has many conditions that make economic development likely to succeed. He notes other countries, like Bangladesh, where such factories created a quick base of economic opportunity.

President Obama has taken Collier's recommendations seriously. He sent his UN Special Envoy for Haiti, Bill Clinton, to Haiti to endorse Collier’s recommendations. In a second visit, after the earthquake, Clinton continued to promote garment assembly for duty free export. On other occasions, Clinton has called for the US to raise its import quota on fabric items to create demand and encourage investment in Haiti.

In Haiti, some grassroots organizations oppose the US-backed UN recommendations. They refer to garment factories as exploitative and decry export-oriented development, calling instead for sustainable rebuilding (for example, infrastructure development and producing goods and services for the Haitian market). They worry that jobs would be diverted from other Caribbean countries with less poverty and higher wages, thereby undermining these fragile economies. Opponents contend that Haitian garment workers could be paid unlivable wages. Proponents of garment industry expansion point out that multinational firms usually pay more than locally owned companies.