

Oosterlinck, Kim; Panizza, Ugo; Weidemaier, W. Mark C.; Gulati, Mitu

Working Paper

The odious Haitian independence debt

Graduate Institute of International and Development Studies Working Paper, No.
HEIDWP16-2021

Provided in Cooperation with:

International Economics Section, The Graduate Institute of International and Development Studies

Suggested Citation: Oosterlinck, Kim; Panizza, Ugo; Weidemaier, W. Mark C.; Gulati, Mitu (2021) : The odious Haitian independence debt, Graduate Institute of International and Development Studies Working Paper, No. HEIDWP16-2021, Graduate Institute of International and Development Studies, Geneva

This Version is available at:

<https://hdl.handle.net/10419/238107>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

**Graduate Institute of International and Development Studies
International Economics Department
Working Paper Series**

Working Paper No. HEIDWP16-2021

The Odious Haitian Independence Debt

Kim Oosterlinck
Université libre de Bruxelles & CEPR

Ugo Panizza
The Graduate Institute, Geneva & CEPR

W. Mark C. Weidemaier
University of North Carolina at Chapel Hill

Mitu Gulati
University of Virginia

July 2021

Chemin Eugène-Rigot 2
P.O. Box 136
CH - 1211 Geneva 21
Switzerland

The Odious Haitian Independence Debt

Kim Oosterlinck
Université libre de
Bruxelles & CEPR

Ugo Panizza
The Graduate Institute,
Geneva & CEPR

W. Mark C. Weidemaier
University of North
Carolina at Chapel Hill

Mitu Gulati
University of Virginia

Abstract*

This article introduces the Haitian Independence Debt of 1825 to the odious debt and sovereign debt literatures. We argue that the legal doctrine of odious debt is surprisingly and perhaps indefensibly narrow possibly because of historical contingency rather than any underlying logic or principle. The story of the Haitian Independence Debt of 1825 serves as an illustrative case study. In the context of telling that story, we provide estimates of the evolution of Haiti's external debt-to-GDP ratio over 1825-2020, and discuss the implications of the independence debt for the economy of Haiti. We conclude by discussing the implications of Haiti's Independence Debt for the doctrine of odious debt and the possibilities for Haiti to recover compensation.

Keywords: Haiti, Odious Debt, Debt and Growth

JEL Codes: G15; H63; K34; O54

* Paper prepared for a special issue of the Journal of Globalization and Development. Thanks Guy-Uriel Charles, Brain Concannon, Julia Rudolph, Juan Flores Zendejas, Gunther Handl, Ira Kurban, Grégoire Mallard and participants to a the special issue conference held on May 17-18, 2021 for comments and suggestions. The usual caveats apply.

I. Introduction

In 1804, after a brutal independence struggle, the enslaved population of Haiti won independence from France. Two short decades later, the new country was mired in debt to its former colonial ruler. In 1825, Haiti agreed to pay the French government an indemnity of 150 million francs, and to grant preferential treatment to French imports, “to compensate the former colonists who will claim compensation” for the loss of their property (meaning, most notably, the formerly enslaved Haitians themselves) (Obregón 2018). It is less clear what Haiti got in return. King Charles X agreed to grant “the full and entire independence of [the Haitian] government,” although he did not explicitly grant recognition to the new state itself (Payton 2020).¹ What is clear is that French gunboats lurked in the harbor as Haiti formally agreed to pay the indemnity (Weidemaier & Gulati 2020a).

By any reasonable definition, the Haitian Independence Debt would seem to be odious. The circumstances suggest coercion, as does the fact that the agreement obliged Haitians to pay compensation for the freedom they had already won. The amount has been reported at around 300% of Haitian GDP (270% in our estimates), and it was understood that Haiti could pay only by borrowing vast sums from French banks, thus transforming the indemnity into a debt burden that would persist for generations.² The debt cannot reasonably be characterized as in the best interest of the Haitian people. Yet we see little mention of it in the literature on odious debt or, indeed, in the larger literatures on sovereign debt or debt and development.³ To be sure, authors writing in French examine the intertwined history of Haiti and France and often discuss the Haitian Independence Debt (e.g., Brière

¹ Language explicitly granting recognition was included in the 1838 Treaty of Peace and Friendship that reduced the remaining Haitian debt to 60 million francs.

² As French economist Thomas Piketty (2020) writes, in a blog post about righting such historical wrongs:

The most extreme injustice is undoubtedly the case of Saint Domingue, the jewel of the French slave islands in the 18th century, before their insurrection in 1791 and their proclamation of independence in 1804 under the name of Haiti. In 1825, the French state imposed a considerable debt on the country (300% of the Haitian GDP at the time) to compensate the French owners for their loss of slave property. Threatened with invasion, the island had no other choice but to comply and to repay this debt which the country dragged like a millstone until 1950, after multiple re-financing and interest paid to French and American bankers. Haiti is now requesting that France refund this iniquitous tribute (30 billion Euros today, which does not include the interest) and it is difficult not to agree with them. France refuses all discussion on the subject of a debt which France had imposed on Haitians (as a fine) for having wanted to put an end to their slavery. The payments made from 1825 to 1950 are well documented and are not challenged by anybody. Today compensation payment is still being made for spoliation which occurred during the two world wars. There is inevitably a risk of creating a huge feeling of injustice.

³ To the extent Haiti factors into the sovereign debt literature, it is in the context of gunboat diplomacy and the US takeover occupation of the country in 1915, purportedly to protect US economic interests. These discussions draw on an extensive historical literature (e.g., Hudson 2017; Plummer 1988, 1992). Yet interest in the Haitian Independence Debt among academics in other fields (e.g., Obregon 2018; Piketty 2020; Daut 2020) has not spilled over into the sovereign debt literature.

2006; Benoît 1971). Likewise, articles in the popular press occasionally ask whether France owes compensation to Haiti for the episode (Sperling 2017; BBC 2010). But these discussions have not yet made their way to the general sovereign debt literature or into the sub-field examining the doctrine of odious sovereign debt. Nor have they prompted a deeper examination of whether that doctrine should extend to debts imposed by former imperial powers in the context of independence and decolonization.

From one perspective, it is not surprising that the odious debt literature overlooks the Haitian Independence Debt. The standard model of odious debt presumes corruption in the borrower government. A classic example asks whether a state must repay a loan after a despotic former ruler absconds with the loan proceeds (Buchheit, Gulati & Thompson 2007; King 2016). The Haitian Independence Debt does not fit this model. Still, it is puzzling that the literature on “odious” sovereign debts ignores perhaps the single most *odious* sovereign debt in history.⁴ And, as we explain in this paper, there is nothing about the doctrine of odious debt that requires this result.

In what follows, we use the Haitian Independence Debt of 1825 to reflect on the meaning of odious sovereign debt and the legal right to compensation for the harms of colonial rule. Thinking about this debt reveals a gap in the current conception of the odious debt doctrine, which we suspect is a function of the context in which ideas about an odious debt doctrine arose. We make two primary claims. First, the modern conception of odious debt unjustifiably limits its focus to the scenario in which a despotic leader incurs debt that does not benefit the populace. Although there is no principled basis for the exclusion, the doctrine largely fails to account for the scenario in which the creditor bears primary responsibility for imposing or failing to prevent such an unproductive loan. Second, we ask what a more expansive conception of odious debt doctrine would have to say about a broad range of obligations arising from the struggle for independence and the process of decolonization. There is a literature examining debates over the legitimacy of debts inherited by these newly-independent states (e.g., Mallard 2021; Waibel 2021). We extend this literature to ask whether, in some circumstances, former imperial powers might owe compensation to former colonies.

We also contribute to the literature by using archival research and different sources to assemble long series on Haiti’s GDP and external debt and by trying to assess the economic cost of the 1825 French debt. Our back of the envelope calculations suggest that this cost is very large ranging from \$3 billion to \$50 billion.

⁴ A competitor in terms of odiousness, that is also largely ignored in the odious debt literature, is the debt incurred by King Leopold II as part of his brutal rule of the Congo (Blocher, Oosterlinck & Gulati 2020).

The rest of the paper is organized as follows. Section 2 summarizes the odious debt literature and discusses its applicability to the Haitian Independence Debt. Section 3 describes the story of Haiti's 1825 debt and provides estimates of the evolution of Haiti's external debt-to-GDP ratio over 1825-2020. This section also evaluates the implications of the independence debt for the economy of Haiti. Section 4 concludes by discussing the implications of Haiti's Independence Debt for the doctrine of odious debt and for potential compensation for Haiti.

II. Odious Debts and the Misbehaving Lender

One objective of this paper is to introduce the Haitian Independence Debt to a literature that has long overlooked it. To do this, it will help to have background on the odious debt doctrine. In this section, we first introduce the doctrine and identify a plausible economic rationale to justify it, which stems from the insight that, compared to the borrower's populace, creditors are often better able to prevent the incurrence of odious debt. In such cases it makes sense to impose the risk of loss on creditors. We explain that, given this underlying justification, the legal doctrine of odious debt is surprisingly and perhaps indefensibly narrow. Finally, we attribute the narrow scope of the doctrine to historical contingency rather than to any underlying logic or principle.

A. The Law of, and Rationale for, Odious Debt

The literature on odious debt asks whether a state must repay a loan incurred in its name by a prior, despotic regime, when the lenders knew or should have known that the funds would not be used to benefit the state's population.⁵ As a matter of international law, the usual answer is that the state must repay. This follows from the rule of government succession, under which a state's obligations survive a change in political leadership and even a change in the form of government. The literature on odious debt asks whether there should be an exception to this rule when lenders have reason to know that a despot will misuse borrowed funds.

The classic formulation of odious debt doctrine is usually traced to the negotiations between Spain and the U.S. after the 1898 Spanish American war and the subsequent writings of the Russian

⁵ Just a smattering of examples of this literature include Gulati, Buchheit, & Thompson (2007); Hanlon (2006); Paulus (2005); Gelpern (2005); Mancina (2004); Chander (2004); Feibelman (2007); Jayachandran, Kremer, & Shafter (2006); Ludington & Gulati (2008); Ludington, Gulati, & Brophy (2010); King (2007).

emigre scholar, Alexander Nahum Sack (Collet & Oosterlinck 2019). In Sack's rather narrow conception, produced in the wake of the soviet repudiation of the Tsarist borrowing, a state may repudiate debts if the following conditions are satisfied. The debt is (a) incurred by a regime that lacked popular consent (a "despotic" regime); (b) one from which no benefits accrued to the populace, (c) one where the creditors had reason to know of these facts (Buchheit, Gulati & Thompson 2007). In the modern era, a resurgence of interest in the doctrine followed the overthrow of Saddam Hussein by the United States government. After toppling Saddam Hussein, some senior U.S. government officials questioned whether Iraq should be able to repudiate Saddam-era debts (Hinrichsen 2020). Although this idea was quickly discarded, their musings prompted renewed interest in whether a state's debts should always survive a change in government, resulting in a string of articles by eminent scholars.⁶

Even at first glance, it is apparent that the doctrine of odious debt has limited ambition. Most notably, it applies only when lenders have reason to know that the loan will produce no benefit to the borrower state's population, as in a case where members of the borrower's government plan to abscond with the loan proceeds. As traditionally understood, it is further limited to cases in which the borrower state is governed by a despotic regime that does not rule by popular consent. The Haitian Independence Debt arguably fulfills the first criterion. But few would argue that it meets the second. For this reason, it differs from the scenario central to the literature on odious debt, which involves self-dealing or corruption by an illegitimate or despotic ruler (i.e., one who lacks popular consent).

It is a puzzle that the doctrine of odious debt should require that the borrower be governed by a despotic regime. The doctrine purports to be a rule of customary international law and, as such, must represent the general and consistent practice of states.⁷ But there is historical evidence undermining the claim that debt repudiation could be justified only when an illegitimate government contracted the loan (Ludington, Gulati, & Brophy 2010). Moreover, the theoretical basis for limiting repudiation to such cases turns out to be quite thin. To the extent the doctrine has a coherent theoretical basis, it is that, when loan proceeds do not benefit the population of the borrower state,

⁶ Among them are Stiglitz (2003), Rajan (2004), Gelpern (2005); Jayanchandran & Kremer (2006), Choi & Posner (2007); Bolton & Skeel (2007); Gelpern (2007); and Stephan (2007).

⁷ Despite the interest, there remains a debate over whether customary international law in fact recognizes the doctrine of odious debt. King (2007) surveys examples from international practice, which do not always or even often use the term "odious debt." Rules of customary international law are derived from the historical practice of nations. For a rule to exist, it must represent a general practice, which nations observe not by choice but out of a sense of obligation. We take no position in this debate over whether customary international law recognizes the doctrine. Our purpose is to explore whether the doctrine as traditionally formulated is too narrow in scope.

the obligation to repay represents a sort of double injury. It is desirable for the law to create incentives to prevent such loans from being made. A rule permitting repudiation in all cases would go too far, by removing any incentive to monitor the borrowing decisions of public officials, with the likely effect of driving up borrowing costs. On the other hand, a strict repayment rule would go too far in the other direction, absolving lenders even when they know politicians plan to misappropriate loan proceeds.⁸ Whether loan proceeds are misappropriated or simply wasted—i.e., offering no benefit whatsoever to the population—the lender cannot seek repayment from the officials responsible for the misbegotten loan. These officials will in all likelihood be unable to pay, if they can even be located. The question becomes how to allocate responsibility between the remaining parties. The law often answers this question by assigning the risk of loss to the party better able to prevent or insure against it. So understood, the purpose of the doctrine of odious debt is to identify cases in which this party was the lender (Ben-Shahar & Gulati 2007).

Viewed against this theoretical backdrop, the requirement of despotic rule is a puzzle. Despotism is a type of political agency cost. The despot seeks personal gain at the expense of the population, without the constraints imposed by the need to maintain popular consent. And indeed, it may make sense for lenders to bear the risk of loss when they have reason to know that a despotic ruler will misappropriate or waste loan proceeds. That rule effectively makes despotism a proxy for situations where the populace cannot constrain the ruler's borrowing decisions. But even if we ignore the definitional problems raised by the term, "despotism" is only one source of self-interested or socially unproductive behavior by public officials. The doctrine of odious debt may be correct in treating despotism as *sufficient* for repudiation (assuming the other requirements are satisfied). But it does not explain why despotism should be *necessary*. One explanation may be that focusing on despotic rulers yields a compelling narrative: a corrupt leader such as Saddam Hussein uses borrowed funds to oppress the people, and then sticks the people with the bill. The legal status of odious debt is uncertain; to our knowledge, no tribunal has ever invoked the doctrine to invalidate a loan (e.g., Gelpern 2005). The compelling narrative may help justify the doctrine by inclining listeners to accept the legitimacy of debt repudiation.

However, non-despotic regimes can and do incur debts that do not benefit the populace, reflecting all sorts of governance failures, such as politicians' short-term incentives to maintain power. We do not argue that the doctrine of odious debt should extend to all such cases, only that the doctrine

⁸ On lenders' incentives in sovereign debt markets, see Block-Lieb and Weidemaier (2019).

offers no principled basis for categorically excluding them. Once the doctrine is expanded beyond loans to despotic regimes, its potential relevance to colonial debts becomes clear. After all, while under colonial rule, the population of a newly-independent state had little power to shape borrowing decisions.

B. Legal Doctrine and Historical Contingency

In the modern literature on odious debts, which followed the overthrow of Saddam Hussein, there is almost no discussion of colonial era debts. Instead, the focus is on other despotic leaders such as Sani Abacha, Jean-Claude Duvalier, Ferdinand Marcos and, recently, Nicolás Maduro (Jayachandran & Kremer 2002; Panizza & Gulati 2020). Given the despotic nature of some (arguably, much) imperial rule, and the fact that imperial powers left former colonies with significant debt burdens, this gap in the literature is unusual.⁹ Certainly it is odd that debates over the contours of an “odious” debt doctrine overlook the Haitian Independence Debt.

Addressing the reasons for this oversight, the anthropologist Grégoire Mallard suggests two explanations (Weidemaier & Gulati 2020b). First, historical contingency has shaped the birth and evolution of the odious debt literature. In its first incarnation, Alexander Sack sought to situate the Soviet repudiation of Tsarist debt within a legal framework that generally maintained the enforceability of public debt. The emphasis on despotic rule may have seemed an apt description of the Tsar and cabined odious debt doctrine to a relatively narrow set of cases. Challenging imperialism and colonial debts was not on Sack’s agenda (Ludington & Gulati 2008). In the second incarnation, after the Iraq invasion and overthrow of Saddam Hussein, the literature was spurred by the U.S. government’s desire to disavow the \$100 billion or so in debt that Saddam had saddled Iraq with. The U.S. government did not want to expand the scope of odious debt doctrine beyond cases of despotic rule; it was uncomfortable with debt repudiation in any context. And for many participants in the debates occurring in academic and policy circles, the era of colonial debts was, by then, in the distant past. The problem of despotic leaders—Hussein, Duvalier, Abacha, Mobutu, Marcos, and so on—was the topic of the time (Jayachandran & Kremer 2002).

A second reason for the limited scope of odious debt doctrine is that officials and academics in the former imperial powers have played an outsized role in shaping the terms of the debate. This

⁹ The one place where we have found discussion of the Haitian Independence Debt under the rubric of odious debts is in the NGO literature (e.g., Touissant & Perchellet 2010).

was true even in the immediate wake of decolonization in the 1960s and 1970s. As former colonies broke free of imperial rule, they tried to shape international law to escape the burden of the debts and contracts they had incurred under colonial rule. These efforts led to fierce debates over the treatment of these obligations under international law. But reformers made little progress in shaping international law to accommodate the needs of the former colonies (e.g., Mallard 2021; Deforge & Lemoine 2021; Waibel 2021).

In the present moment, however, there are renewed calls for reparations to account for slavery and other depredations committed by in the United States and in former colonies (e.g., Bachelet 2020). Likewise, efforts to force former colonial powers to return looted artifacts have gained steam and produced some notable successes (Munshi 2021). For the most part, these efforts have been framed as moral rather than legal obligations (Ochab 2021). But it is worth reconsidering how international law accounts for the legacy of colonial rule. The story of the Haitian Independence Debt may illustrate that the doctrine of odious debts, in its classic formulation, is unjustifiably narrow.

III. The Haitian Independence Debt

In this section, we first relate the story of the Haitian Independence Debt, focusing on its size, how Haiti paid it back, how long it took, who the investors were who lent Haiti the money to pay France, and France's continued involvement. We then estimate the evolution of Haiti's external debt-to-GDP ratio over 1825-2020 and the implications of the 1825 debt for the economy of Haiti.

A. The Story of the Haitian Independence Debt

Gunboats and sovereign debts have a long common history. Their relationship is often viewed through the prism of reimbursement. For a long time, the literature has stressed that Britain refused to intervene to help bondholders get reimbursed (Platt, 1968; Lipson, 1989). Some authors, such as Borchard (1913), have argued that military interventions only occurred against weak states. Yet, gunboats have been used to force defaulting countries to pay their dues (Mitchener and Weidenmier, 2010) and in some cases the threat to use them has been enough to affect prices of sovereign bonds on secondary markets (Mitchener and Weidenmier, 2005). Sovereign defaults have also been presented as an excuse for military intervention leading to the colonization of the defaulting country. This was for example the case of Morocco and Egypt (Feis, 1930). Force was also used to make sure that

defeated countries would honor the war reparations they had agreed to pay and implicitly the bonds that were securing this payment (Oosterlinck et al., 2014).

But in the case of Haiti, payments were not required from a defeated country. From the French point of view, Haiti was still a colony in 1825. At the Vienna Congress, in 1815, France had insisted that Saint Domingue was still a French possession (Blancpain, 2003). As a result, even though Haitians had managed to oust the French in 1804, no nation was willing to recognize Haiti's independence. Following Napoleon's defeat at Waterloo, the French government was forced to postpone any military intervention to reconquer Haiti, and this was even though former colonizers were lobbying to this effect (Joachim, 1971; Blancpain, 2001, p. 48). To make the situation more complex, the island was up until 1820 separated into two: with President Pétion ruling over the South and West and King Henri Christophe ruling the North. Whereas Pétion suggested the payment of an indemnity, referring to the sale of Louisiana to the United States as an example, King Henri Christophe was opposed to any indemnity¹⁰ (Beauvois, 2009). For French negotiators the indemnity was a *sine qua non* condition.

Negotiations between France and Haiti resumed shortly after the second Restauration of Louis XVIII. In 1816, French negotiators attempted to convince Haitian rulers to accept that their country would become a sort of protectorate. This attempt failed as Haitian rulers wanted the country to be recognized as independent (Blancpain, 2001, p. 51). Negotiations took place almost in a continuous way, but as some of these negotiations were informal, the amount of information differs vastly from one negotiation to the other (Beauvois, 2009).

The island was subsequently reunited under the rule of Jean-Pierre Boyer in 1820. The French negotiators used this fact to ask for an even larger indemnity. Jean-Pierre Boyer suggested again in 1821 that an indemnity could be paid in exchange for recognition (Joachim, 1971). Negotiators from Haiti wanted to compute the amounts on the basis of Franco-Haitian trade. On the French side, an amount of 100 million francs was suggested as early as 1814 (Beauvois, 2009). In May 1824, Jean-Pierre Boyer the president of Haiti sent two envoys Rouanne and La Rose to negotiate an indemnity of 100 million francs in exchange of recognition of the country's independence (Macgregor, 1847, 1,

¹⁰ "What rights, what arguments can the ex-colonists then allege to justify their claim for an indemnity? Is it possible that they wish to be recompensed for the loss of our persons? It is conceivable that Haitians who have escaped torture and massacre at the hands of these men, Haitians who have conquered their own country by the force of their arms and at the cost of their blood, that these same free Haitians should now purchase their property and persons once again with money paid to their former oppressors?" Letter to Thomas Clarkson cited in Beauvois, Henry Christophe & Thomas Clarkson; a correspondence, (Berkeley, UC Press, 1952, p. 176).

p. 1190).¹¹ Many authors have stressed the negative effects for Haiti of this diplomatic endeavor. Macgregor (1847, 1, p. 1190) presents this offer as a major diplomatic error from the Haitian side. Franklin (1828, p. 242) asks “is it not the most unaccountable occurrence in the annals of almost any country, that overtures should have been made to France, to recognize an independence already established and tacitly admitted”? The French refused this offer but came back soon with a counterproposition.

In September 1824, Charles X succeeded Louis XVIII on the French throne. Soon after his coronation he began to deal with the Haitian case. A Royal Decree, signed by the French King Charles X on 17 April 1825 recognized Haiti’s independence, an independence that it had gained *de facto* 22 years earlier (Joachim, 1971). Independence was however granted on the condition that the newly recognized country would pay an indemnity of 150 million francs to be paid in five installments as an indemnity for the former colonizers.

The decree also provided for a series of commercial advantages for France. Quite logically, independence was limited to the part that had formerly been a French colony, not the part that used to belong to Spain (Blancpain, 2001, p. 56). Furthermore, the phrasing of this independence led to many questions: (Eugène, 2003). The Ordonnance read: “ we concede on these conditions, by the present ordinance, to the present inhabitants of the French part of Saint-Domingue the full and complete independence of their government ¹².” The government was thus recognized as independent, there was however no mention of Haiti as a free, sovereign and independent state. To convince the Haitian government to accept these terms, France relied on gunboat diplomacy. On July 3rd, 1825 the French navy arrived in Port-au-Prince. According to Blancpain (2003, p. 243), “the 14 vessels with 528 cannons in the harbor of Port-au-Prince (...) constituted a very convincing diplomatic argument”. Haiti agreed, under pressure, to the terms offered by France on July 8th, 1825. Recognition of Haiti’s independence by other nations (Prussia, The Netherlands, the United-Kingdom for example) followed shortly after. The one notable exception, given both proximity and its own recent revolution and struggle for international recognition, was the United States (Blancpain, 2001, p. 62).

Shortly thereafter already, contemporaneous authors stressed the negative aspects of this agreement. For Maccaulay (1835, p. 59) “Haiti has done itself a great disservice by imprudently committing itself to pay France the enormous sum of 150 million francs for the price of the

¹¹ According to sources in Beauvois (2009) Haiti never proposed more than 80 million. The difference in figures reflects the lack of sources and the contradictions observed in various narratives.

¹² « Nous concédons à ces conditions, par la présente ordonnance, aux habitants actuels de la partie française de Saint-Domingue l’indépendance pleine et entière de leur gouvernement »

recognition of its independence.” For the former colonizer the 150 million francs represented however an indemnity equivalent to a tenth of the value of their former properties (Esmangart, 1833, p. 3). The indemnity was such that it shaped the relationship between France and Haiti for the rest of the century (Joachim, 1971). The general view is that Haiti paid for the recognition of its independence, not for its independence itself. This is a rare instance in which a country borrows to pay an indemnity to be recognized as independent. Episodes linking sovereign debts with independence exist of course. In some instances, would-be-independent countries borrowed abroad to wage a war of independence. This was for example the case of Greece, which floated several loans in London (Wynne, 1951, p. 284) or to secede as was the case of the Confederacy loan issues in Europe (Brown and Burdekin, 2000; Weidenmier, 2000; Mitchener et al., 2015). In another case, there was the attempt to condition recognition was on the payment of repudiated bonds. The Soviets used promises to reimburse the Tsarists bonds they had repudiated as a bargaining device to obtain *de jure* recognition of their government (Oosterlinck, 2016).

To pay the indemnity, the Haitian government had no alternative than to borrow. The amount was well above what the Haitian government had anticipated. According to Blancpain, (2011, p. 58), it was the equivalent of ten years of fiscal revenues. Beauvois (2009) estimates the average government revenues between 1818 and 1824 at 2,581,210 francs. With this estimate, the proportion would be lower but still represent more than 7 years of revenues. Even though many in France believed Haiti could easily pay, this was not the case. Rumors that the former King Christophe had left a 250 million treasure proved unfounded. Ternaux (1825), an enthusiast defender of the loan, claimed that revenues were equal to 37 million francs, a figure well above reality. As for the financial capacities of the country, these depended heavily on foreign trade.

Displaced French plantation owners argued that the amount to be paid was reasonable (Esmangart, 1833), p. 3) but they were the ones who would benefit directly from the indemnity. Others, however, were aware that the indemnity was exorbitant. Members of the parliament such as Alexandre Delaborde, Emmanuel de Las Cases and François-André Isambert denounced the amounts to be paid (Laurent, 1842, p. 3). Taxes on coffee, the main export of Haiti, represented the main source of revenues of the government. Coffee also served as a collateral for loans floated in France (Blancpain, 2001, p. 15). The sharp decline in the price of coffee thus affected dramatically the government’s resources (Beauvois, 2009). Prices fell indeed from 290 francs for 100 pounds in 1821, to 140 in 1825 and a meagre 85 francs in 1830 (Blancpain, 2001, p. 16). The decision to reduce tax

duties on trades with France further reduced revenues. President Boyer proposed therefore a new tax to extinguish the debt within 10 years (Blancpain, 2001, p. 63).¹³

The morality of the indemnity, and thus the debt, was questioned early on. Was it morally sound to ask former slaves to pay for their freedom? Laurent (1842, p. 2) was one of the most vocal opponents arguing that the settlers' "titles emanate of blood, carnage and plunder. thefts of men on the coasts of Africa, held in slavery and slavery and working with sticks, in order to enrich their good masters". Maccaulay (1835, p. 60) wondered if "[i]t was necessary that these men pay in money what they had already bought with their blood; it was necessary to levy contributions for the execution of a generally odious measure."¹⁴ The indemnity was also in direct opposition to the Haitian constitution which had declared that "any property that has belonged to a French white person is unquestionably and by right confiscated in favour of the State."¹⁵ In view of this element, it is logical that the payment was not done directly from Haiti to the former French owners of property in Haiti.

The French government committed in April 1826, to act as intermediary and pay the indemnity. For the displaced former plantation owners this potentially meant that France had recognized their rights to an indemnity and that it was France which had taken over the burden of the indemnity (Joachim, 1971, p. 366). Nonay (1828, pp. 32-35) for example had already argued that France should guarantee the indemnity. To ensure that Haiti would pay, Nonay (1828, pp. 41-42) suggested that France would be allowed to occupy the port of Mole Saint Nicolas and the Samana peninsula up till the debt was reimbursed. In practice, the Caisse des Dépôts et Consignations was tasked with the payment. According to Joachim (1971, p. 370), many beneficiaries came from important aristocratic families, some of them being member of the Chambre des Pairs (the upper house) or the Chambres des Députés (the lower house). They could thus influence decisions, but were often indebted to merchants who had helped them develop their colonial properties.

¹³ Although opinion was not uniform, many observers abroad also questioned the amount of the indemnity and Haiti's capacity to pay. An article in the Times of London (1828) noted that payment was both economically and politically infeasible for Haiti, as the debt obliged the country to pay for an independence it had already won: "It was quite preposterous to suppose that a state like Hayti could pay 6,000,000l. to foreigners within the stipulated time for any political object, far less for an object that did not interest the people at all. The Republic was as independent before the treaty as it has been since." Among other examples, one newspaper in the United States noted (repeating comments in the French press) that "to demand of Hayti four or five millions a year, till the period when the indemnity, and the loan should be both liquidated, would be like expecting more than eight hundred millions a year of France for 20 years" (Buffalo Republican 1829).

¹⁴ « Il fallut que ces hommes payassent en argent ce qu'ils avaient déjà acheté de leur sang ; il fallut lever des contributions pour l'exécution d'une mesure généralement odieuse. »

¹⁵ "Toute propriété qui aura appartenu à un Blanc français est incontestablement et de droit confisquée au profit de l'Etat." Cited in Joachim, 1971, p. 361.

An impressive number of pamphlets claiming all to tell the truth about the Haitian bonds or about the indemnity shows that the default led to heated debates.¹⁶ Some of these pamphlets are anonymous, other supposedly written by actors with a personal life aiming at creating empathy. One of these authors, Laurent (1842), is presented as an invalid from the Napoleonic wars and a holder of Haitian bonds. Laurent (1842) suggests that the banker Jacques Lafitte had acted in a fraudulent way. Most importantly, the same author argues that the bond should have been labeled as a Franco-Haitian loan because it had been floated under the auspices of the French government who presented it as “a national loan for French people” (Laurent, 1842, p. 1). It was because the proceeds of the loans would serve to pay an indemnity that the Haitian government was tempted by the French one to borrow. On the French political side, the notion that an indemnity had to be paid was politically sensitive. Many drew a parallel with the indemnity paid to the aristocrats who had been disposed during the French revolution. The decision to indemnify the disposed aristocrats in a financial transaction called the *Milliard des Emigrés*¹⁷ (the Emigrants’ Billion) plagued French politics for years, even if it eventually settled the claims made by the exiled aristocrats (Rietsch). In Haiti, by contrast, the indemnity was regularly denounced as the source of many evils, such as the depreciation of the local currency or inflation (Joachim, 1971, p. 361). Blancpain (2001, p. 62) considers that opposition to the indemnity as one of the causes of the 1843 revolution, which forced Boyer into exile.

The legality of the Royal Decree was also questioned in France. According to Brière (2004), members of the two French Chambers, the *chambre des Pairs* and the *Chambre des députés*, knew nothing about the negotiations and discovered in the press that Haiti had been granted its independence. The phrasing of the Royal Decree has led to many debates. The legal text was an “*Ordonnance*”. It basically gave the order to first grant preferential trade agreements to French trades, then to require the payment of 150 million francs and then only pronounced Haiti’s independence. The concessions were thus not the result of a negotiation between independent nations but forced upon a colony (Blancpain, 2001, p. 56). Was it furthermore legal for the King to unilaterally grant independence and thus cede part of the French territory? To this question the government answered that the state of war with Haiti, allowed the King to take these measures (Brière, 2006, p. 133). Later on, the government argued that since Saint Domingue was a colony, it was subject to a specific

¹⁶ See Esmangart (1833), Laurent (1842), *La vérité* (1875)

¹⁷ The amount of one billion, was often used as a reference to gauge the indemnity required from Haiti.

legislation. Lastly, Villèle argued that the agreement had been signed for the safety of the state,¹⁸ a strange argument to say the least, as pointed out by Brière (2006, p. 134).

The link between the political world and the French financial system was so strong that it seems that French bankers knew Haiti was going to float a loan even before the “Ordonnance” was signed (Joachim, 1971, p. 374). Even though other markets were ready to lend to Haiti, the debt was issued in Paris, in order to please the French government. The nominal amount was equal to 30 million francs, well below the value of the total indemnity, but enough to pay its first installment. Issuing more would have been difficult from a budgetary point of view but would also have reduced the chances of the Haitian government renegotiating the amount of the indemnity (Blancpain, 2001, p. 65).

Multiple actors with varying political views praised the loan. Louis-Guillaume Ternaux, staunch supporter of the movement for the Greek independence and opponent to slavery, considered the loan was a guarantee of peace and would allow Haiti to reduce its defense expenditures (Ternaux, 1825). Even though an ardent opponent of slavery, Ternaux considered the payment of the indemnity as an act of justice (Ternaux, 1825, p. 7). He praised the institutions of Haiti, its government and its rulers claiming that therefore the risk of investing in Haitian securities was minimal. Ternaux was, we suspect, was defending the loan in part because he was one of the underwriters who eventually floated it. Three syndicates bid to underwrite the loan. Haitians were hoping to float it at 90% of par but the bids received did not exceed 76%. Eventually, a fourth syndicate, which had not participated in the previous bid entered the game (Esmangart, 1833, p. 8). The loan was issued by the bankers Ternaux-Gandolphe et Cie, at 80% of par on the 4 November 1825. It had a maturity of 25 years and paid a yearly 6% coupon.

Thanks to the proceeds of the loan, Haiti managed to pay the first installment of the indemnity, only to default on the second installment the following year. Haiti managed to service the loan in 1826 and 1827 only because it received the help of the French Treasury (Blancpain, 2001, p. 67). The banker Jacques Laffitte took over the obligations of Ternaux-Gandolphe et Cie in 1826 (Laurent, 1842). In 1827, the Haitian government asked Laffitte to negotiate a moratorium (Esmangart, 1833, p. 6). The question as to whether France had guaranteed the loan became central. According to Nonay (1828, pp. 32-35) France had guaranteed the indemnity but not the loan which had served to partially pay it. Esmangart (1833, pp. 11-15) concurred. As the latter represented the former colonizers, he had an

¹⁸ « Sureté de l'état ».

obvious interest in putting of the burden of the loan on Haiti alone so as to free more French resources to pay for the remainder of the indemnity. Jacques Laffitte by contrast claimed that France had indeed guaranteed the loan (Esmangart, 1833, p. 10). Esmangart (1833, p. 11) claims that it was established in 1828 that the loan and the indemnity were two different elements, France having no responsibility regarding the first.¹⁹ Negotiations stalled, a moratorium at first agreed upon was denounced by Haiti. The French revolution of 1830 then led to a new round of negotiations.

The inability to pay prompted Boyer to ask for a reduction of the indemnity. Once the default became known, many voices suggested it could have been predicted. According to Nanoy (1828),²⁰ “by selling to the blacks something they owned, M. de Villèle could not ignore that they promised him . . . a price which they would not pay.” The default represented thus an unwillingness to pay, not necessarily an inability to pay.

The indemnity was renegotiated on 12 February 1838, with the remainder of the indemnity reduced from 120 to 60 million francs. At the same time, Louis-Philippe I recognized Haiti as a free, sovereign and independent state (Blancpain, 2001, p. 70). The French government passed a law on 18 May 1840 reducing the amounts to be paid to former colonizers. This generated a large outcry from the latter, who considered that France had taken over the burden of the indemnity when it had recognized Haiti’s independence (Joachim, 1971, pp.366-367). Haiti managed to pay the required amounts up until 1843, and then had to impose a moratorium. Payments resumed in 1849 but were stopped between 1867 and 1869 because of the political situation in Haiti following Sylvain Sanave’s coup. The new government then started to pay again.

B. Haiti’s external debt, 1825-2020

There are no readably available long series for Haiti’s GDP and external debt level. One of the contributions of this paper is to use different sources assemble such series for the period 1825-2020. For the period 1825-1925, we use data on debt and GDP estimates from Henochsberg (2016). For the period 1950-1970, we use declassified documents from the IMF and World Bank archives (IMF, 1949, 1950, 1962, 1968, 1970, and World Bank, 1954, 1956, 1957, 1961, 1965, 1972, 1974). For the

¹⁹ Even in the absence of a formal guarantee, it was common for market participants to consider loans issued by colonies to enjoy a guarantee from the colonizing power (Accominotti et al., 2011; Degive and Oosterlinck, 2020). By extension investors may have expected a similar treatment for the Haitian loan.

²⁰ « Mais en vendant aux noirs un bien qu'ils possédaient, M. de Villèle ne pouvait ignorer qu'ils lui en promettaient un prix qu'ils n'acquitteraient point. »

period 1970-2020, we use the World Bank's World Development Indicators and the World Bank international debt statistics.

As these sources report data in different currencies and different units (for instance, Henochsberg, 2016, reports data in gold francs, and the various IMF and World Bank document report data in both Haiti's local currency and in current US dollars), we convert all data in 2020 US dollar. This exercise requires some assumptions. We first convert the gold franc in US dollar at a rate of 5.625 (the gold franc contained 220 mg of fine gold and in 1825 one US dollar was equivalent to 1.6 grams of gold) and then reflate all values using data on US inflation over 1825-2020.

Using these adjustments, we find that Haiti's original debt of 150 million gold francs is worth 720 million in current US dollars. At the same time, Haiti's GDP in 1825, estimated by Henochsberg (2016) at 54 million of gold francs, corresponds to 275 million current US dollars. These figures yield an initial debt-to-GDP ratio of nearly 270% (top panel of Figure 1). As mentioned in the previous section, 60 million gold francs of debt (corresponding to approximately 300 million of today's dollars) were canceled in 1838, bringing Haiti's debt to 160% of GDP. Over 1850-1875, the real value of Haiti's external debt decreased from \$430 million to about \$220 million and GDP grew from \$350 million to \$550 million (all figures are 2020 USD), bringing external debt to 40% of GDP. While GDP kept growing over 1875-1915 (average annual real GDP growth was close to 2%), debt grew at a faster pace, bringing the debt-to-GDP ratio back to 52%.

The beginning of the 20th century was characterized by an increased interest of U.S. banks in Haiti. Among others, Hudson (2012, 2018) has documented the involvement of U.S. banks in controlling the country's financial affairs. In 1910, the National City Bank of New York started acquiring stocks of the National Bank of Haiti. In successive years, National City Bank gained full control of the National Bank of Haiti and acquired a substantial amount of government guaranteed debt issued by a railways company (IMF, 1950. P 11). The railway's debt led to a deterioration of the government's fiscal position and to a situation in which debt service absorbed more than 80% of government revenues. American banks concerns about their loans to Haiti also led to an American occupation which started in 1915 and lasted until 1934. During the occupation, a primary objective of government policy was to fully repay foreign creditors. In the early 1920s, the government floated bonds in the US market for \$23.7 million and used the proceedings to repay the French loan and National City Bank (IMF, 1949). Haiti subsequently ran large primary surpluses, with debt service absorbing more than 30% of government revenues over 1925-36. After a sudden drop in Haiti's export prices in 1937, the US government allowed Haiti to reduce amortization payments, but over 1936-46

debt service still absorbed more than 15% of government revenues. These large primary surpluses, together with an internal loan denominated in US dollars floated in 1947, allowed Haiti to reduce its external debt, which went from more than 50% of GDP in 1915 to less than 6% of GDP in 1950 (bottom panel of Figure 1). This policy of debt service primacy, however, also had a negative impact on Haiti's economic development. According to IMF staff:

Fiscal policy in Haiti in general has not been development promoting, because it has been primarily motivated by considerations of immediate revenue yields and has generally failed to give active encouragement to economic development. The business community complains of a lack of sympathy on the part of the fiscal authorities, sudden arbitrary new taxes, and the like. Instances have been reported to show that promising new industries have been thwarted to the point of being forced out of business by the application of new taxes that made the venture unprofitable (IMF, 1949, p. 4)

Starting from low levels in the early 1950s, Haiti's debt-to-GDP ratio increased by 10 percentage points, reaching 15%, during the presidency of François Duvalier (1957-71). It then grew rapidly over 1971-1986 during the regime of Jean-Claude Duvalier. The debt-to-GDP ratio peaked at 45% in 1987 and then decreased at a rapid pace over the next 20 years (partly thanks to the HIPC Initiative), bottoming at 5% in 2011, when debt started increasing again reaching 15% of GDP in 2019.

C. The economic cost of the 1825 debt

What is the economic cost of the debt that was imposed on Haiti in 1825? To address this question, we will start by assuming that instead of paying France Haiti had created a sovereign wealth fund and endowed it with the amount requested by France. Given that 40% (60 million) of the original debt was canceled in 1938, we assume an original debt of 90 million gold francs and assess the implications of different assumptions on the current value of 90 million 1825 gold francs.

As a starting point, we compute the value of Haiti's 1825 debt in today's money assuming a real return of 0%. As discussed above, in 1825 90 million gold francs corresponded to \$16 million, applying the US inflation rate to this figure yields a value in 2020 dollar of approximately \$420 million, or 3% of Haiti's GDP in 2020 (the red line in the top panel of Figure 2). Assuming a zero real return is, however, very conservative. As a minimum, Haiti could have used the funds it paid to France to

buy gold reserves. If it had done so, these gold reserves would now be worth \$1.6 billion, or 12% of Haiti's GDP (the black line in the top panel of Figure 2). If, instead, we assume that Haiti had been able to invest the funds it paid to France in an asset with a real yield of 1%, these funds would now be worth \$2.8 billion, which is equivalent to 21% of Haiti's GDP (the green line of the top panel of Figure 2). Had Haiti, instead, been able to obtain a 3% real return (3% real has been assumed to be a safe real rate for most of the 20th century), the 90 million francs paid to France would now be worth \$123 billion- or 9-times Haiti's GDP (the blue line in the top panel of Figure 2). Finally, one could simply assume a real rate of return equal to Haiti's real GDP growth over 1825-2020 which was about 2.1%. In this case, the original debt would now be worth 160% of GDP or \$22 billion in 2020 US dollars.²¹

The bottom panel of Figure 2 compares the simulations with 0% and 1% real returns with the stock of outstanding external debt. It shows that under the first assumption the 1825 debt corresponds to 20% of today's outstanding debt stock and under the second assumption it corresponds to 140% of today's debt.

There are two issues with the counterfactual calculations described above. First, they assume that for nearly 200 years all the governments of Haiti had wisely invested the 90 million francs that the government paid to France. However, if a country has a large proportion of its GDP (not to mention a multiple of its GDP) stashed away in a sovereign wealth fund, the temptation to spend these funds is extremely large. And even if the law prevents withdrawing the funds from the sovereign wealth fund, the fund could be used as collateral for new borrowing. Given the kleptocratic nature of some of Haiti's rulers (think about the Duvaliers), it is hard to think that the sovereign wealth fund equivalent that we describe above would have resisted for 190 years. In this sense, the above discussion overstates the costs of the French debt.

It is, however, possible to think that the debt accumulated at independence was part of the reasons for the institutional and policy failures that make Haiti one of the poorest country in the Western Hemisphere. It is thus possible that the kleptocratic regimes that stunted Haiti's development are a consequence of the independence debt. If this is the case, the calculations reported above would understate the real cost of the 1825 debt. Thus, the second problem with the counterfactual exercise described above is that it assumes that the high stock of external debt at independence had no effect

²¹ A 4% real return would yield a current value of nearly \$800 billion, which corresponds to 5900% of Haiti's GDP.

on GDP growth. However, as also recognized by IMF staff in 1949, the focus on servicing external debt is likely to have had negative implication for Haiti's economic development.

The economic literature on the effects of debt on growth assumes that the relationship between these two variables can be described by an inverted U. At first, debt promotes growth because it allows to finance investment and to reduce tax distortions. However, higher levels of debt crowd out investment and can lead to policy failures (Fatás et al., 2020). Focusing on external debt, Patillo, Poirson and Ricci (2011) suggest that debt starts having a negative effect on growth when it reaches 35-40% of GDP and that high levels of debt reduce real per capita annual GDP growth by about 1-2%. While there is a quasi-consensus on the fact that there is a threshold above which debt starts having a negative effect on growth, finding the point where debt starts reducing growth is challenging because the threshold is likely to be country and situation-specific and causality is always hard to assess.²² However, uncertainty on the point where debt becomes bad for growth should not be an issue for estimating the negative growth effects of Haiti's 1825 debt. As mentioned, the standard assumption is that moderate levels of debt are good for growth because they allow to finance investment or some type of useful public expenditure (or to smooth taxation and thus limit distortions). However, Haiti's 1825 debt did not buy anything useful. Hence, it must have been bad (or at least not good) from the beginning, making the discussion of the threshold at which debt becomes bad for growth moot. We can thus assume that, from the beginning, Haiti was in the part of the curve where debt is bad for growth, and use the estimates of the literature to assess the growth effects of the 1825 debt.

In 2018, Haiti's income per capita was approximately \$1400 (it was \$1200 in 2020, we use 2018 figures to abstract from the growth collapse associated with the Covid pandemic) and Henochsberg's (2016) estimations suggest that in 1844 (the year in which Dominican Republic gained independence from Haiti), Haiti's income per capita was around \$500 (in 2020 US dollars). This yields a yearly growth rate in income per capita of 0.6%. Let us now take the lower bound of Patillo, Poirson and Ricci's (2011) estimation (a 1% effect on the growth of GDP per capita) and, as before, assume that 1825 income per capita was \$500. If we add 1% to the actual 0.6% growth rate, we obtain a counterfactual 2018 GDP per capita of \$8100. Note that this level of income would put Haiti's almost at par with the Dominican Republic which in 2018 had an income per capita of \$8,300.²³

²² For a critical evaluation of the debt and growth literature see Panizza and Presbitero (2013) and Eberhardt and Presbitero (2015).

²³ In fact, if we assume that in 1844 Haiti and the Dominican Republic had the same income per capita, we find a growth differential between Haiti and the Dominican Republic of 1.05% which is almost identical to the lower bound estimate of

To assess the value of this growth differential, assume that we could increase Haiti's GDP from \$1400 (the 2018 value) to the \$8100 of the counterfactual and compute the present value of 30 years of this \$6700 annual flow difference with a 5% discount rate. This calculation yields a present value of \$103,000 per capita, which, multiplied for Haiti's population of 11 million, gives us \$1.1 trillion. An enormous number.

Let us now make a much more conservative assumption on the negative growth effect of Haiti's 1825 debt. Specifically, let us assume that the negative effect is just *one-fifth* of the lower bound of Patillo, Poirson and Ricci's (2011) 1% estimate. In this case, Haiti's GDP growth over 1844-2018 would increase from 0.6% to 0.8%, yielding a counterfactual 2018 GDP per capita of \$1700. Even this modest increase of GDP per capita, would have a present value \$4,600 dollar per person and a total value of nearly \$51 billion (3 times Haiti's GDP in 2018).

Taken together, the exercises of this section (summarized in Table 1) suggest that the economic cost of the 1825 debt is likely to be a multiple of Haiti's 2018 GDP.

IV. Implications for Odious Debt and for Potential Compensation for Haiti

Our objective in this paper has been to introduce the story of the Haitian Independence Debt to a literature that has long overlooked it, the literature on odious debt. Recall that, as traditionally defined, the legal doctrine of odious debt applied only to loans contracted by a despotic regime. This despotism requirement has scant historical support and a weak theoretical foundation. When a lender has reason to know that a loan will offer no benefit whatsoever to the population of the borrower state, the purpose of the doctrine is to allocate the risk of loss as between the lender and the population. When the borrower regime is despotic, this may justify allocating the risk to the lender. But we see no principled reason to categorically insure the lender from this risk simply because the borrower's regime enjoys some degree of popular backing.

Patillo, Poirson and Ricci's (2011). One challenge in assuming that the growth differential between Haiti and the Dominican Republic is driven by French debt is that the growth divergence happened after 1960. At that point the two countries had a similar GDP per capita, but over 1960-2018, real income per capita in the Dominican Republic grew at about 3% per year, while in Haiti real income per capita stagnated. Given that when the growth divergence happened debt was low, it is necessary to assume that high level of debt in the 19th Century and early 20th Century had long lasting effects possible because they led to institutional and political failures and suspicion of the outside world which prevented Haiti from successfully integrating with the outside world. For a discussion of the comparative growth experience of Haiti and the Dominican Republic see Jaramillo and Sancak (2009).

Some might argue that the Haitian Independence Debt does not satisfy even an expanded doctrine of odious debt that is not limited to borrowing by despotic regimes. After all, Haiti got *something* in exchange for the debt: official recognition by France, which had refused to recognize the de facto independence won decades earlier in the revolution. And official French recognition led to other benefits, such as recognition by the British soon after. Nevertheless, our estimates of the economic cost of the debt suggest that Haiti's paid a staggering economic price in its fight for independence, to say nothing of the human costs associated with that struggle. And in any event, we welcome arguments of this nature. What we find perplexing is the absence of discussion of this historical episode from the literature on odious debt.

Even if one acknowledges the odiousness of the Haitian Independence Debt, it is a separate question whether there is a right to compensation. The immorality of the debt has been acknowledged, including by many in France (Granitz 2015). But the passage of time, and the lack of clear rules of international law, complicate any effort by the Haitian government to win restitution for amounts paid or compensation for the long-term economic harm. A number of student papers have addressed this question (e.g., Phillips 2009; Fernandez, Casey & Nikova 2021; Boltax, Boulger & Miller 2021; Hart 2021), but we have not seen sustained legal analysis of the difficulties inherent in such a proceeding. Below, we set out the basics of why a successful legal claim would be difficult, although perhaps not impossible, to make.

As a threshold matter, it is not difficult to conceptualize a plausible substantive legal claim. The typical odious debt scenario involves a debtor country that repudiates a debt and raises the doctrine in defense of the lender's action for payment. Here, of course, the debt has long since been paid. But in principle, there is no reason why a borrower could not receive restitution for amounts already paid, perhaps on a theory that a lender that has received payment for an odious debt has been unjustly enriched. The borrower would have a steep hill to climb. For instance, it would need a credible explanation for why it could not have disavowed the debt at some earlier point. But the fact that the borrower has paid the loan does not seem a categorical bar to recovery.

Other legal doctrines also support a right to restitution and, perhaps, even compensation for the long-term harm caused by the debt. It is not difficult to characterize French conduct as wrongful in ways that at least arguably violated international law as it existed in 1825, including that the French government imposed the debt under duress, improperly conditioned its recognition of Haiti's independence on payment, or wrongfully imposed on formerly enslaved people the obligation to compensate their oppressors. France could raise potent counter-arguments and defenses to each of

these theories, but it might prove embarrassing to mount such a defense before a tribunal with jurisdiction over a claim by Haiti.

The barrier is in getting before a tribunal. Leaving aside the possibility of suing French banks, the most likely forum for a dispute between Haiti and France would be the International Court of Justice. Unfortunately, jurisdiction before that Court requires French consent, which France seems unlikely to provide. Likewise, the doctrine of foreign sovereign immunity—a rule of customary international law—would likely bar litigation in courts in Haiti and other countries outside of France. Still, even the jurisdictional question may have solutions. For instance, trade agreements—including the Cotonou Agreement between the European Union and the Organization of African, Caribbean, and Pacific States—might provide both a substantive claim and recourse to an arbitration tribunal for resolving disputes.

In the course of working on this article, we spoke informally to a number of the lawyers involved in the attempt in 2004 to bring such a claim when President Aristide was in office (de Cordoba 2004). Ultimately, no lawsuit or arbitration claim was filed; President Aristide was overthrown in a coup in 2004 and the new government was not interested.²⁴ But the lawyers had wrestled with the jurisdiction questions. Although they did not share work product or confidential information with us, our sense was that they had fair amount of confidence that Haiti could force France to defend itself against claims arising out of the Haitian Independence Debt. On the merits, Haiti's claim would be a long shot. But even long shots have value, including in scenarios involving disputes arising out of colonial obligations. One example involves the recent Chagos litigation (Sands 2020). There, not one but three international tribunals have ruled in favor of Mauritius against the United Kingdom (and, effectively, the United States) in its claims that some of its islands were improperly taken a half century ago and that the failure to return them amounts to incomplete decolonization. These rulings do not formally bind the United Kingdom, which has yet to return the territory, let alone pay compensation for the improper taking. But this and other recent cases represent small steps towards acknowledging, and providing some redress for, the harm associated with colonial rule.

These are complicated matters and we do not have good answers for them. But they are important. And, as our back of the envelope calculations show, they are not only important from an academic point of view because reparations could lead to large transfers to Haiti; a country in severe

²⁴ Some suggest that the coup and the new government's unwillingness to trigger the ire of France were related (Farmer 2004).

distress as of this writing. More research is needed in order to bring clarity in on this often forgotten episode in the history of sovereign debt.

References

- Accominotti, Olivier, Marc Flandreau, Riad Rezzik, and Frederic Zumer. 2010. "Black Man's Burden, White Man's Welfare: Control, Devolution and Development in the British Empire, 1880-1914." *European Review of Economic History* 14 (1): 47–70.
- Accominotti, Olivier, Marc Flandreau, and Riad Rezzik. 2011. "The spread of empire: Clio and the measurement of colonial borrowing costs." *The Economic History Review* 64 (2): 385-407.
- Bachelet, Michelle. 2020. "Statement by Michelle Bachelet, UN High Commissioner for Human Rights 17 June 2020." Statement, June 17, 2020.
<https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25968>.
- BBC. 2010. "France Urged to Pay Haiti's Huge Independence Debt." *BBC*, August 16, 2010.
<https://www.bbc.com/news/world-europe-10988938>.
- Beauvois, Frédérique. 2009. "L'indemnité De Saint-Domingue: « Dette D'indépendance » Ou « Rançon De L'esclavage »?" *French Colonial History* 10 (1): 109–24.
- Blancpain, François. 2001. *Un siècle de relations financières entre Haïti et la France (1825-1922)*. Paris: L'Harmattan.
- Blancpain, François. 2003. "Note Sur Les « Dettes » De L'esclavage: Le Cas De L'indemnité Payée Par Haïti (1825-1883)." *Outre-Mers. Revue d'histoire* 90 (340): 241–45.
- Blocher, Joseph, Kim Oosterlinck and Mitu Gulati. 2020. "King Leopold's Bonds and the Odious Debts Mystery." *Virginia Journal of International Law* 60 (3): 487-530.
- Block-Lieb, Susan and W. Mark C. Weidemaier. 2014. "Lenders' Roles and Responsibilities in Sovereign Debt Markets." *University of Illinois Law Review* 2019 (5): 1589-1636.
- Boltax, Mandy. 2017. "Injustice for Haiti: France's Enduring Debt to the First Black Republic." https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3805740.
- Brière, Jean-François. 2004. "La France Et La Reconnaissance De L'Independence Haitienne: Le Debat Sur L'Ordonnance De 1825." *French Colonial History* 5 (1): 125–38.
- Brière, Jean-François. 2006. "L'Emprunt De 1825 Dans La Dette De L'indépendance Haitienne Envers La France." *The Journal of Haitian Studies* 12 (2): 126–34.
- Brière, Jean-François. 2004. "La France Et La Reconnaissance De L'Independence Haitienne: Le Debat Sur L'Ordonnance De 1825." *French Colonial History* 5 (1): 125–38.
- Brown, William O., and Richard C. Burdekin. 2000. "Turning Points in the U.S. Civil War: A British Perspective." *The Journal of Economic History* 60 (1): 216–31.

- Buchheit, Lee C., Mitu Gulati and Robert B. Thompson. 2007. "The Dilemma of Odious Debts." *Duke Law Journal* 56 (1): 1201–62.
- Buffalo Republican. 1829. "France and Hayti." *United States Telegraph*, March 18, 1829.
- Chander, Anupam. 2004. "Odious Securitization." *Emory Law Journal* 53 (2004): 923-927.
- Choi, Albert H., and Eric A. Posner. 2007. "A Critique of the Odious Debt Doctrine." *Law and Contemporary Problems* 70 (3): 33–52.
- Collet, Stephanie, and Kim Oosterlinck. 2018. "Denouncing Odious Debts." *Journal of Business Ethics* 160 (1): 205–23.
- Daut, Marlene. 2020. "When France Extorted Haiti: The Greatest Heist in History." *The Conversation*, June 30, 2020. <https://theconversation.com/when-france-extorted-haiti-the-greatest-heist-in-history-137949>.
- De Cordoba, Jose. 2004. "Impoverished Haiti Pins Hopes for Future on a Very Old Debt." *Wall Street Journal*, January 2, 2004. <https://www.wsj.com/articles/SB107300144534788700>.
- Deforge, Quentin, and Benjamin Lemoine. 2021. "Third World Project and the Battles of Debt: Macro Financial Agenda versus Technical Assistance at UNCTAD." In *Sovereign Debt Diplomacies: Rethinking Sovereign Debt from Colonial Empires to Hegemony*, edited by Pierre Pénét and Juan Flores Zendejas, 232–56. Oxford: Oxford University Press.
- Dégive, Nicolas, and Kim Oosterlinck. *Independence and the Effect of Empire: The Case of 'Sovereign Debts' Issued by British Colonies*. In *Sovereign Debt Diplomacies: Rethinking Sovereign Debt from Colonial Empires to Hegemony*, edited by Pierre Pénét and Juan Flores Zendejas, 94–118. Oxford: Oxford University Press.
- Dubois, Laurent, Kaiama L. Glover, Nadève Ménard, Millery Polyné, and Chantalle F. Verna. 2020. "The Indemnity: French Royal Ordinance of 1825." In *The Haiti Reader: History, Culture, Politics*, translated by Claire Payton, 67–69. Durham: Duke University Press.
- Eberhardt, Markus, and Andrea Presbitero. 2015. "Public debt and growth: Heterogeneity and non-linearity," *Journal of International Economics* 97 (1): 45–58.
- Esmangart, C. 1833. *La vérité sur les affaires d'Haïti publiée par le comité des anciens propriétaires de Saint-Domingue*. Paris : De Carpentier Méricourt.
- Eugène, Itazienne. 2003. "La normalisation des relations franco-haïtiennes (1825-1838)." *Outre-Mers. Revue d'histoire* 90 (340): 139–154.
- Farmer, Paul. 2004. "Who Removed Aristede?" *London Review of Books*, April 15, 2004. <https://www.lrb.co.uk/the-paper/v26/n08/paul-farmer/who-removed-aristide>.

- Fatás, Antonio, Atish Ghosh, Ugo Panizza, and Andrea Presbitero. 2020. "The Motives to Borrow." In *Sovereign Debt: A Guide for Economists and Practitioners*, edited by S. Ali Abbas, Alex Pienkowski, and Kenneth Rogoff, 102–150. Oxford: Oxford University Press.
- Feibelman, Adam. 2007. "Contract, Priority, and Odious Debt." *North Carolina Law Review* 85, no. 2: 727–772.
- Feis, Herbert. 1930. *Europe, the World's Banker, 1870-1914: An Account of European Foreign Investment and the Connection of World Finance with Diplomacy before the War*. New Haven, CT: Yale University Press.
- Fernandez, Kathy, Kristen Casey and Nikoleta Nikova. 2021. "France's Overdue Debt to Haiti." https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3798841.
- Franklin, James. 1828. *The present state of Haiti (Saint Domingo) with remarks on its agriculture, commerce, laws, religion, finances, population, etc. etc.* London: John Murray.
- Granitz, Peter. 2015. "Hollande Promises to Pay 'Moral Debt' to Former Colony Haiti" *Reuters*, May 12, 2015. <https://www.reuters.com/article/us-haiti-hollande/hollande-promises-to-pay-moral-debt-to-former-colony-haiti-idUSKBN0NX2LJ20150512>.
- Gelpern, Anna. 2005. "What Iraq and Argentina Might Learn from Each Other." *Chicago Journal of International Law* 6 (1): 391–414.
- Gulati, Mitu, Lee C. Buchheit, and Robert B. Thompson. 2007. "The Dilemma of Odious Debts." *Duke Law Journal* 56 (5): 1201–62.
- Hanlon, Joseph. 2006. "Illegitimate Debt: When Creditors Should be Liable for Improper Loans." In *Sovereign Debt at the Crossroads: Challenges and Proposals for Resolving the Third World Debt Crisis*, edited by Chris Jochnick and Preston Fraser, 109–130. Oxford: Oxford University Press.
- Hart, Austin. 2021. "The Haitian Independence Debt: A Memorandum to the Haitian Government." https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3796331.
- Hinrichsen, Simon. 2021. "The Iraq Sovereign Debt Restructuring." *Capital Markets Law Journal* 16 (1): 95–114.
- Hudson, Peter James. 2012. "The National City Bank of New York and Haiti, 1909 - 1922." *Radical History Review* 2013 (115): 91–114.
- Hudson, Peter James. 2018. *Bankers and Empire: How Wall Street Colonized the Caribbean*. Chicago, IL: The University of Chicago Press.
- IMF. 1949. *Financial Institutions in Haiti*. Washington, DC: IMF. <https://archivescatalog.imf.org/Details/ArchiveExecutive/125060371>.

- IMF. 1950. *Economic Survey of Haiti*. Washington, DC: IMF.
<https://archivescatalog.imf.org/Details/ArchiveExecutive/125057650>.
- IMF. 1962. *Haiti – 1962 Article VIII Consultation*. Washington, DC: IMF.
<https://archivescatalog.imf.org/Details/ArchiveExecutive/125029601>.
- IMF. 1968. *Haiti – 1969 Article VIII Consultation*. Washington, DC: IMF.
<https://archivescatalog.imf.org/Details/ArchiveExecutive/125041823>.
- IMF. 1970. *Haiti – Staff Report for the 1970 Article VIII Consultation*. Washington, DC: IMF.
<https://archivescatalog.imf.org/Details/archive/125034760>.
- Jaramillo, Laura and Cemile Sancak, 2009. “Why Has the Grass Been Greener on One Side of Hispaniola? A Comparative Growth Analysis of the Dominican Republic and Haiti.” *IMF Staff Papers*, 56(2): 323-349.
- Jayachandran, Seema, and Michael Kremer. 2002. “Odious Debt.” *Finance & Development* 39 (2): 36–39.
- Jaychandran, Seema, and Michael Kremer. 2006. “Odious Debt.” *American Economic Review* 96 (1): 82-92
- Jayachandran, Seema, Michael Kremer, and Jonathan Shafter. 2006. “Applying the Odious Debts Doctrine while Preserving Legitimate Lending.” Paper discussed at the *Global Justice workshop, Center on Democracy, Development and the Rule of Law, Stanford, California, November 3, 2006*.
- Joachim, Benoît. 1971. “L’indemnité coloniale de Saint-Domingue et la question des rapatriés.” *Revue historique* 246, no. 2 (500): 359–76.
- King, Jeff. 2007. “Odious Debt: The Terms of the Debate.” *North Carolina Journal of International Law* 32 (4): 605–668.
- King, Jeff. 2016. *The Doctrine of Odious Debt in International Law*. Cambridge: Cambridge University Press.
- La vérité. 1875. *La vérité sur l'emprunt d'Haiti*. Paris: Casimir Pont.
- Laurent. 1842. *La vérité sur l'emprunt perçu par le gouvernement français pour le compte de la République d'Haïti*. Paris: Impr. de A.-T. Breton.
- Lipson, Charles. 1989. “International Debt and National Security: Comparing Victorian Britain and Postwar America.” In *The International Debt Crisis in Historical Perspective*, edited by Barry Eichengreen and Peter Lindert, 189–226. Cambridge: MIT Press.
- Ludington, Sarah, and Mitu Gulati. 2008. “A Convenient Untruth: Fact and Fantasy in the Doctrine of Odious Debts.” *Virginia Journal of International Law* 48 (3): 595–639.

- Ludington, Sarah, Mitu Gulati, and Alfred Brophy. 2010. "Applied Legal History: Demystifying the Doctrine of Odious Debts." *Theoretical Inquiries in Law* 11 (1): 247–81.
- Macaulay, Zachary. 1835. *Haïti ou renseignements authentiques sur l'abolition de l'esclavage et de ses résultats, à Saint Domingue et à la Guadeloupe*. Paris: Hachette.
- Macgregor, John. 1847. *The Progress of America from the Discovery by Columbus to the Year 1846*. Vol. 2. London: Whittaker & Company.
- Mallard, Grégoire. 2021. "We Owe You Nothing: Decolonization and Sovereign Debt Obligations in International Public Law." In *Sovereign Debt Diplomacies: Rethinking Sovereign Debt from Colonial Empires to Hegemony*, edited by Pierre Pénét and Juan Flores Zendejas, 189–212. Oxford, UK: Oxford University Press.
- Mancina, Emily F. 2004. "Sinners in the Hands of an Angry God: Resurrecting the Odious Debt Doctrine in International Law." *The George Washington Law Review* 36 (5): 1239–1262.
- McCorquodale, Robert. 1994. "Self-Determination: A Human Rights Approach." *The International and Comparative Law Quarterly* 43 (4): 857–85.
- Mitchener, Kris James, and Marc Weidenmier. 2005. "Empire, Public Goods, and the Roosevelt Corollary." *The Journal of Economic History* 65 (3): 658–92.
- Mitchener, Kris James, and Marc D. Weidenmier. 2010. "Supersanctions and Sovereign Debt Repayment." *Journal of International Money and Finance* 29 (1): 19–36.
- Mitchener, Kris James, Kim Oosterlinck, Marc D. Weidenmier, and Stephen Haber. 2015. "Victory or Repudiation? Predicting Winners in Civil Wars Using International Financial Markets." *Journal of Banking & Finance* 60: 310–19.
- Munshi, Neil. 2021. "Fate of Looted Benin Bronzes Intensifies Debate over Restitution." *Financial Times*, March 26, 2021. <https://www.ft.com/content/ee754d39-e171-4c36-a101-eaf208c00ee1>.
- Nonay, Louis Jean-Pierre. 1828. *La vérité sur Haïti, ses deux emprunts, ses agents, ses finances, son crédit et ses ressources. Réponse à la lettre d'un colon, à l'usage de son exc. le ministre des finances et des capitalistes, par un subrécargue*. Paris : Imprimerie Moreau.
- Obregón, Liliana. 2018. "Empire, Racial Capitalism and International Law: The Case of Manumitted Haiti and the Recognition Debt." *Leiden Journal of International Law* 31 (3): 597–615.
- Ochab, Dr. Ewelina U. 2021. "Germany Recognizes the Atrocities Against the Herero and Nama People as Genocide and Offers Assistance." *Forbes*, May 28, 2021. <https://www.forbes.com/sites/ewelinaochab/2021/05/28/germany-recognizes-the->

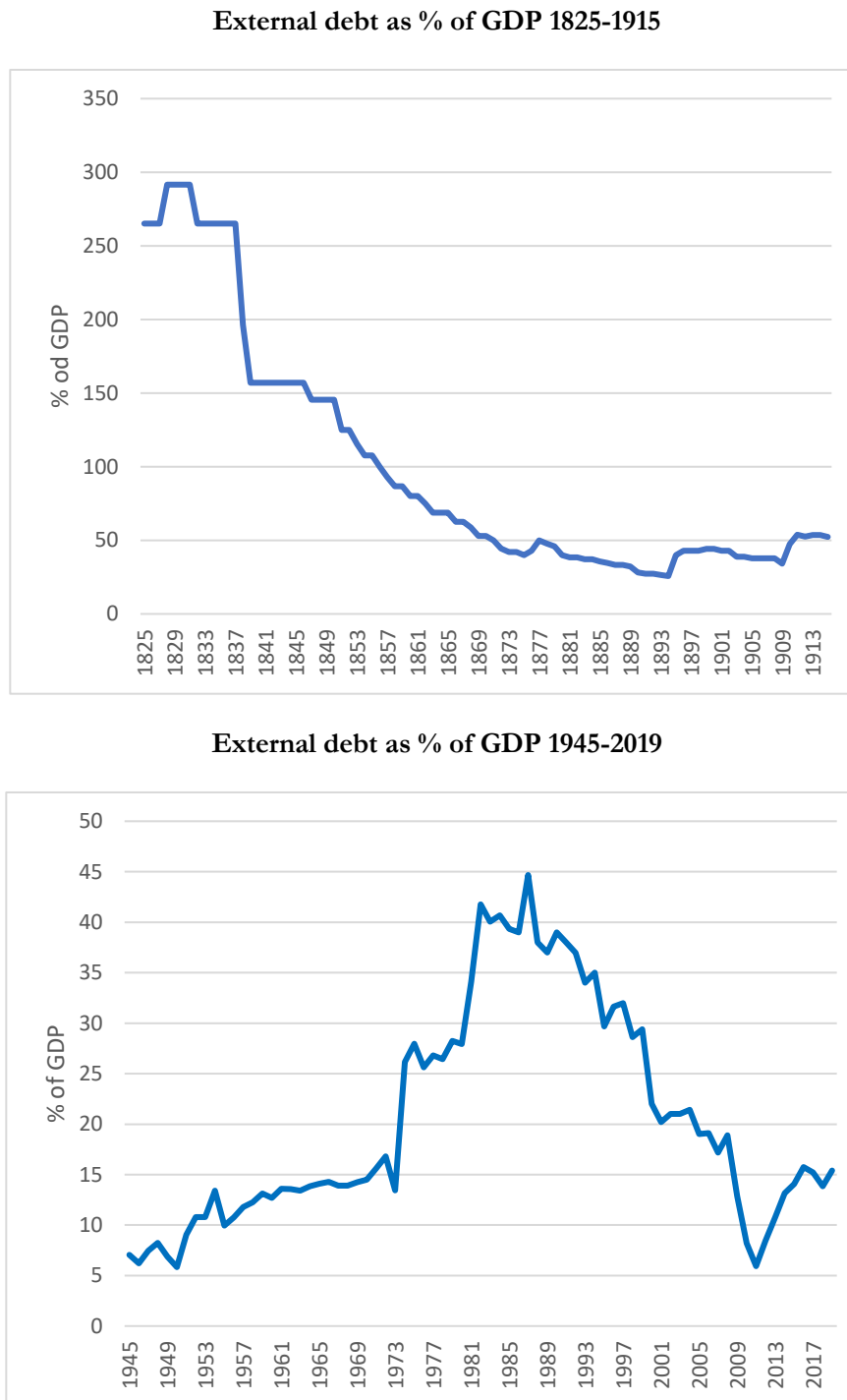
[atrocities-against-the-herero-and-nama-people-as-genocide-and-offers-assistance/?sh=39202bea78cd.](#)

- Oosterlinck, Kim. 2016. *Hope Springs Eternal: French Bondholders and the Repudiation of Russian Sovereign Debt*. Translated by Anthony Bulger. New Haven, CT: Yale University Press.
- Oosterlinck, Kim, Loredana Ureche-Rangau, and Jacques-Marie Vaslin. 2014. "Baring, Wellington and the Resurrection of French Public Finances Following Waterloo." *The Journal of Economic History* 74 (4): 1072–1102.
- Panizza, Ugo, and Andrea Presbitero. 2013. "Public Debt and Economic Growth in Advanced Economies: A Survey." *Swiss Journal of Economics and Statistics* 149 (2): 175–204.
- Panizza, Ugo, and Mitu Gulati. 2019. "The Hausmann-Gorky Effect." *Journal of Business Ethics* 166 (1): 175–95.
- Pattillo, Catherine, Hélène Poirson, and Luca Ricci. 2011. "External Debt and Growth." *Review of Economics and Institutions* 2 (3).
- Paulus, Christoph G. 2005. "'Odious Debts' vs. Debt Trap: A Realistic Help?" *Brooklyn Journal of International Law* 31 (1): 83-102.
- Philipps, Anthony. 2009. "Haiti's Independence Debt and Prospects for Restitution." http://www.ijdh.org/wp-content/uploads/2009/11/Haiti_RestitutionClaimArticlePhilipps05-09.pdf.
- Piketty, Thomas. 2020. "Confronting racism, repairing history." *Le Monde*, June 16, 2020. <https://www.lemonde.fr/blog/piketty/2020/06/16/confronting-racism-repairing-history>
- Platt, Desmond C. M. 1968. *Finance, Trade, and Politics in British Foreign Policy: 1815-1914*. Oxford: Clarendon Press.
- Plummer, Brenda Gayle. 1988. *Haiti and the Great Powers, 1902-1915*. Baton Rouge, LA: Louisiana State University Press.
- Plummer, Brenda Gayle. 1992. *Haiti and the United States: The Psychological Moment*. Athens, GA: University of Georgia Press.
- Rajan, Raghuram. 2004. "Odious or Just Malodorous?: Why the odious debt proposal is likely to stay in cold storage." *Finance & Development* 41 (4): 54–55.
- Rietsch, Christian. 2007. "Le 'Milliard des Emigrés' et la création de la rente 3% " In *Le Marché financier français au XIXe siècle. Volume 2. Aspects quantitatifs des acteurs et des instruments à la bourse de Paris*, edited by Georges Gallais-Hamonn and Pierre-Cyrille Hautcoeur, 209-260. Paris: Publications de la Sorbonne.

- Sands, Philippe. 2020. "Britain's Colonial Legacy on Trial at the Hague." *The New York Review*, June 23, 2020. <https://www.nybooks.com/daily/2020/06/23/britains-colonial-legacy-on-trial-at-the-hague/>.
- Scott, Rebecca J. 2016. "Social Facts, Legal Fictions, and the Attribution of Slave Status: The Puzzle of Prescription." *Law and History Review* 35 (1): 9–30.
- Sperling, Dan. 2017. "In 1825, Haiti Paid France \$21 Billion to Preserve its Independence – Time for France to Pay it Back." *Forbes*, Dec. 16, 2017. <https://www.forbes.com/sites/realspin/2017/12/06/in-1825-haiti-gained-independence-from-france-for-21-billion-its-time-for-france-to-pay-it-back/?sh=698a132b312b>.
- Stiglitz, Joseph. 2003. "Odious Rulers, Odious Debts" *The Atlantic Monthly*, November, 2003. <https://www.theatlantic.com/magazine/archive/2003/11/odious-rulers-odious-debts/302831/>.
- Ternaux, Louis Guillaume. 1825. *Considérations sur l'Emprunt d'Haiti*. Paris: Les marchands de nouveautés.
- Toussiant, Eric, and Sophie Perchellet. 2010. "Haiti's Odious Debt." *Counterpunch*, January 19, 2010. <https://www.counterpunch.org/2010/01/19/haiti-s-odious-debt/>.
- Times. 1828. "London, Monday, June 30, 1828."
- Waibel, Michael. 2021. "Decolonization and Sovereign Debt: A Quagmire." In *Sovereign Debt Diplomacies: Rethinking Sovereign Debt from Colonial Empires to Hegemony*, edited by Pierre Pénét and Juan Flores Zendejas, 213–31. Oxford: Oxford University Press.
- Weidemaier, W. Mark C., and Mitu Gulati. 2020. "Episode 24—Haiti's Odious 'Independence Debt.'" January 20, 2021. *Clauses and Controversies*. Featuring Julia Rudolph. Podcast, Apple Podcasts, 38:10. <https://podcasts.apple.com/lu/podcast/ep-24-ft-julia-rudolph/id1528208049?i=1000506004138>.
- Weidemaier, W. Mark C., and Mitu Gulati. 2021. "Episode 30—Post-Colonial Odious Debt." March 22, 2021. *Clauses and Controversies*. Featuring Grégoire Mallard. Podcast, Apple Podcasts, 48:36. <https://podcasts.apple.com/lu/podcast/ep-30-ft-gregoire-mallard/id1528208049?i=1000514005446>.
- Weidenmier, Marc D. 2000. "The Market for Confederate Cotton Bonds." *Explorations in Economic History* 37 (1): 76–97.
- World Bank. 1954. *The Economy of Haiti*. Washington, DC: World Bank Group. <https://documents1.worldbank.org/curated/en/474741468031538781/pdf/multi0page.pdf>.

- World Bank. 1956. *Recent Economic Developments in Haiti*. Washington, DC: World Bank Group.
<https://documents1.worldbank.org/curated/en/996321468034848598/pdf/multi0page.pdf>.
- World Bank. 1957. *Current Economic Position and Prospects of Haiti*. Washington, DC: World Bank Group.
<https://documents1.worldbank.org/curated/en/132531468034848347/pdf/multi0page.pdf>.
- World Bank. 1961. *Current Economic Position and Prospects of Haiti*. Washington, DC: World Bank Group.
<https://documents1.worldbank.org/curated/en/347921468037127117/pdf/multi0page.pdf>.
- World Bank. 1965. *Current Economic Position and Prospects of Haiti*. Washington, DC: World Bank Group.
<https://documents1.worldbank.org/curated/en/148511468034147837/pdf/multi0page.pdf>.
- World Bank. 1972. *Situation Economique Actuelle et Perspectives d'Avenir d'Haiti*. Washington, DC: World Bank Group.
<https://documents1.worldbank.org/curated/en/137861468035431807/pdf/CA170ESW0Fr ench0Box2635B0PUBLIC.pdf>.
- World Bank. 1974. *Current Economic Position and Prospects of Haiti*. Washington, DC: World Bank Group.
<https://documents1.worldbank.org/curated/en/534981468249657459/pdf/multi0page.pdf>.
- Wynne, William H. 1951. *State Insolvency and Foreign Bondholders: Selected Case Histories of Governmental Foreign Defaults and Debt Readjustments*. Vol. 2. New Haven, CT: Yale University Press.

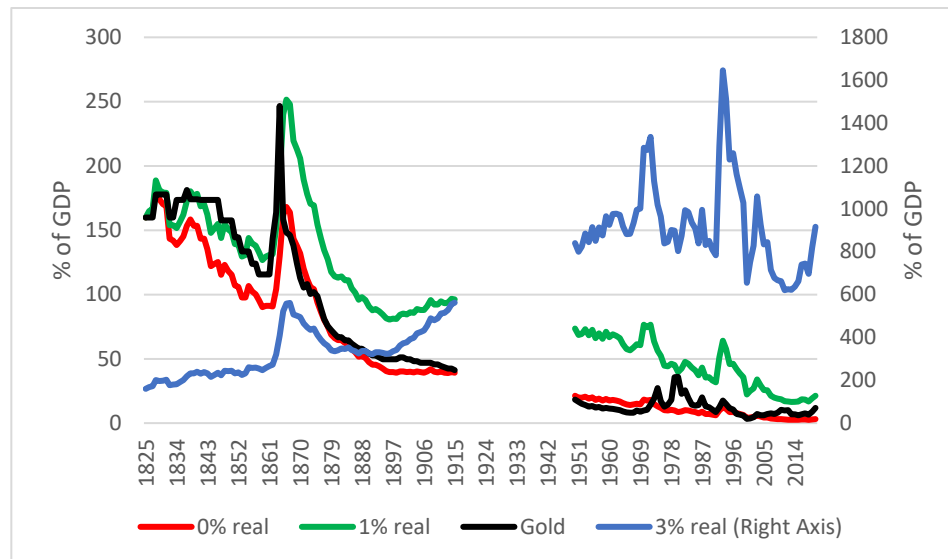
Figure 1: External Debt over GDP



Source: Own elaborations based on data from Henochsberg (2016), World Bank's World Development Indicators, IMF (1949, 1950, 1962, 1968, 1970) and World Bank (1954, 1956, 1957, 1961, 1965, 1972, 1974)

Figure 2: If Haiti had invested 90 million gold francs in 1825

90 million in 1825 as % of Haiti's GDP



90 million in 1825 as % of Haiti's External debt



Source: Own elaborations based on data from Henochsberg (2016), World Bank's World Development Indicators, IMF (1949, 1950, 1962, 1968, 1970) and World Bank (1954, 1956, 1957, 1961, 1965, 1972, 1974)

Table 1: Value of Haiti's 1825 debt in 2020 USD under different assumptions

Assumption	Billion USD
Gold value	1.6
1% real return	2.8
3% real return	123
Constant share of GDP	22
1% Negative growth effect of high debt	1,100
0.2% negative growth effect of high debt	51