

Self-Determining Haiti

III. GOVERNMENT OF, BY, AND FOR THE NATIONAL CITY BANK

By JAMES WELDON JOHNSON

FORMER articles of this series described the Military Occupation of Haiti and the crowd of civilian place holders as among the forces at work in Haiti to maintain the present status in that country. But more powerful though less obvious, and more sinister, because of its deep and varied ramifications, is the force exercised by the National City Bank of New York. It seeks more than the mere maintenance of the present status in Haiti; it is constantly working to bring about a condition more suitable and profitable to itself. Behind the Occupation, working conjointly with the Department of State, stands this great banking institution of New York and elsewhere. The financial potentates allied with it are the ones who will profit by the control of Haiti. The United States Marine Corps and the various office-holding "deserving Democrats," who help maintain the status quo there, are in reality working for great financial interests in this country, although Uncle Sam and Haiti pay their salaries.

Mr. Roger L. Farnham, vice-president of the National City Bank, was effectively instrumental in bringing about American intervention in Haiti. With the administration at Washington, the word of Mr. Farnham supersedes that of anybody else on the island. While Mr. Bailly-Blanchard, with the title of minister, is its representative in name, Mr. Farnham is its representative in fact. His goings and comings are aboard vessels of the United States Navy. His bank, the National City, has been in charge of the Banque Nationale d'Haiti throughout the Occupation.* Only a few weeks ago he was appointed receiver of the National Railroad of Haiti, controlling practically the entire railway system in the island with valuable territorial concessions in all parts.** The \$5,000,000 sugar plant at Port-au-Prince, it is commonly reported, is about to fall into his hands.

Now, of all the various responsibilities, expressed, implied, or assumed by the United States in Haiti, it would naturally be supposed that the financial obligation would be foremost. Indeed, the sister republic of Santo Domingo was taken over by the United States Navy for no other reason than failure to pay its internal debt. But Haiti for over one hundred years scrupulously paid its external and internal debt—a fact worth remembering when one hears of "anarchy and disorder" in that land—until five years ago when under

the financial guardianship of the United States interest on both the internal and, with one exception, external debt was defaulted; and this in spite of the fact that specified revenues were pledged for the payment of this interest. Apart from the distinct injury to the honor and reputation of the country, the hardship on individuals has been great. For while the foreign debt is held particularly in France which, being under great financial obligations to the United States since the beginning of the war, has not been able to protest effectively, the interior debt is held almost entirely by Haitian citizens. Haitian Government bonds have long been the recognized substantial investment for the well-to-do and middle class people, considered as are in this country, United States, state, and municipal bonds. Non-payment on these securities has placed many families in absolute want.

What has happened to these bonds? They are being sold for a song, for the little cash they will bring. Individuals closely connected with the National Bank of Haiti are ready purchasers. When the new Haitian loan is floated it will, of course, contain ample provisions for redeeming these old bonds at par. The profits will be more than handsome. Not that the National Bank has not already made hay in the sunshine of American Occupation. From the beginning it has been sole depository of all revenues collected in the name of the Haitian Government by the American Occupation, receiving in addition to the interest rate a commission on all funds deposited. The bank is the sole agent in the transmission of these funds. It has also the exclusive note-issuing privilege in the republic. At the same time complaint is widespread among the Haitian business men that the Bank no longer as of old accommodates them with credit and that its interests are now entirely in developments of its own.

Now, one of the promises that was made to the Haitian Government, partly to allay its doubts and fears as to the purpose and character of the American intervention, was that the United States would put the country's finances on a solid and substantial basis. A loan for \$30,000,000 or more was one of the features of this promised assistance. Pursuant, supposedly, to this plan, a Financial Adviser for Haiti was appointed in the person of Mr. John Avery McIlhenny. Who is Mr. McIlhenny? That he has the cordial backing and direction of so able a financier as Mr. Farnham is comforting when one reviews the past record and experience in finance of Haiti's Financial Adviser as given by him in "Who's Who in America," for 1918-1919. He was born in Avery Island, Iberia Parish, La.; went to Tulane University for one year; was a private in the Louisiana State militia for five years; trooper in the U. S. Cavalry in 1898; promoted to second lieutenant for gallantry in action at San Juan; has been member of the Louisiana House of Representatives and Senate; was a member of the U. S. Civil Service Commission in 1906 and president of the same in 1913; Democrat. It is under his Financial Advisership that the Haitian interest has been continued in default with the one exception above noted, when several months ago \$3,000,000 was converted into francs to meet the accumulated interest payments on the foreign debt. Dissatisfaction on the

* The National City Bank originally (about 1911) purchased 2,000 shares of the stock of the Banque Nationale d'Haiti. After the Occupation it purchased 6,000 additional shares in the hands of three New York banking firms. Since then it has been negotiating for the complete control of the stock, the balance of which is held in France. The contract for this transfer of the Bank and the granting of a new charter under the laws of Haiti were agreed upon and signed at Washington last February. But the delay in completing these arrangements is caused by the impasse between the State Department and the National City Bank, on the one hand, and the Haitian Government on the other, due to the fact that the State Department and the National City Bank insisted upon including in the contract a clause prohibiting the importation and exportation of foreign money into Haiti subject only to the control of the financial adviser. To this new power the Haitian Government refuses to consent.

** Originally, Mr. James P. McDonald secured from the Haitian Government the concession to build the railroads under the charter of the National Railways of Haiti. He arranged with W. R. Grace & Company to finance the concession. Grace and Company formed a syndicate under the aegis of the National City Bank which issued \$2,500,000 bonds, sold in France. These bonds were guaranteed by the Haitian Government at an interest of 6 per cent on \$32,500 for each mile. A short while after the floating of these bonds, Mr. Farnham became President of the company. The syndicate advanced another \$2,000,000 for the completion of the railroad in accordance with the concession granted by the Haitian Government. This money was used, but the work was not completed in accordance with the contract made by the Haitian Government in the concession. The Haitian Government then refused any longer to pay the interest on the mileage. These happenings were prior to 1915.

part of the Haitians developed over the lack of financial perspicacity in this transaction of Mr. McIlhenny because the sum was converted into francs at the rate of nine to a dollar while shortly after the rate of exchange on French francs dropped to fourteen to a dollar. Indeed, Mr. McIlhenny's unfitness by training and experience for the delicate and important position which he is filling was one of the most generally admitted facts which I gathered in Haiti.

At the present writing, however, Mr. McIlhenny has become a conspicuous figure in the history of the Occupation of Haiti as the instrument by which the National City Bank is striving to complete the riveting, double-locking and bolting of its financial control of the island. For although it would appear that the absolute military domination under which Haiti is held would enable the financial powers to accomplish almost anything they desire, they are wise enough to realize that a day of reckoning, such as, for instance, a change in the Administration in the United States, may be coming. So they are eager and anxious to have everything they want signed, sealed, and delivered. Anything, of course, that the Haitians have fully "consented to" no one else can reasonably object to.

A little recent history: in February of the present year, the ministers of the different departments, in order to conform to the letter of the law (Article 116 of the Constitution of Haiti, which was saddled upon her in 1918 by the Occupation* and Article 2 of the Haitian-American Convention**) began work on the preparation of the accounts for 1918-1919 and the budget for 1920-1921. On March 22 a draft of the budget was sent to Mr. A. J. Maumus, Acting Financial Adviser, in the absence of Mr. McIlhenny who had at that time been in the United States for seven months. Mr. Maumus replied on March 29, suggesting postponement of all discussion of the budget until Mr. McIlhenny's return. Nevertheless, the Legislative body, in pursuance of the law, opened on its constitutional date, Monday, April 5. Despite the great urgency of the matter in hand, the Haitian administration was obliged to mark time until June 1, when Mr. McIlhenny returned to Haiti. Several conferences with the various ministers were then undertaken. On June 12, at one of these conferences, there arrived in the place of the Financial Adviser a note stating that he would be obliged to stop all study of the budget "until the time when certain affairs of considerable importance to the well-being of the country shall be finally settled according to recommendations made by me to the Haitian Government." As he did not give in his note the slightest idea what these important affairs were, the Haitian Secretary wrote asking for information, at the same time calling attention to the already great and embarrassing delay, and reminding Mr. McIlhenny that the preparation of the accounts and budget was one of his legal duties as an official attached to the Haitian Government, of which he could not divest himself.

On July 19 Mr. McIlhenny supplied his previous omission in a memorandum which he transmitted to the Haitian Department of Finance, in which he said: "I had instructions from the Department of State of the United States just before my departure for Haiti, in a part of a letter of May 20,

to declare to the Haitian Government that it was necessary to give its immediate and formal approval to:

1. A modification of the Bank Contract agreed upon by the Department of State and the National City Bank of New York.
2. Transfer of the National Bank of the Republic of Haiti to a new bank registered under the laws of Haiti, to be known as the National Bank of the Republic of Haiti.
3. The execution of Article 15 of the Contract of Withdrawal prohibiting the importation and exportation of non-Haitian money except that which might be necessary for the needs of commerce in the opinion of the Financial Adviser."

Now, what is the meaning and significance of these proposals? The full details have not been given out, but it is known that they are part of a new monetary law for Haiti involving the complete transfer of the Banque Nationale d'Haiti to the National City Bank of New York. The document embodying the agreements, with the exception of the clause prohibiting the importation of foreign money, was signed at Washington, February 6, 1920, by Mr. McIlhenny, the Haitian Minister at Washington and the Haitian Secretary of Finance. *The Haitian Government has officially declared that the clause prohibiting the importation and exportation of foreign money, except as it may be deemed necessary in the opinion of the Financial Adviser, was added to the original agreement by some unknown party.* It is for the purpose of compelling the Haitian Government to approve the agreements, including the "prohibition clause," that pressure is now being applied. Efforts on the part of business interests in Haiti to learn the character and scope of what was done at Washington have been thwarted by close secrecy. However, sufficient of its import has become known to understand the reasons for the unqualified and definite refusal of President Dartiguenave and the Government to give their approval. Those reasons are that the agreements would give to the National Bank of Haiti, and thereby to the National City Bank of New York, exclusive monopoly upon the right of importing and exporting American and other foreign money to and from Haiti, a monopoly which would carry unprecedented and extraordinarily lucrative privileges.

The proposal involved in this agreement has called forth a vigorous protest on the part of every important banking and business concern in Haiti with the exception, of course, of the National Bank of Haiti. This protest was transmitted to the Haitian Minister of Finance on July 30 past. The protest is signed not only by Haitians and Europeans doing business in that country but also by the leading American business concerns, among which are The American Foreign Banking Corporation, The Haitian-American Sugar Company, The Panama Railroad Steamship Line, The Clyde Steamship Line, and The West Indies Trading Company. Among the foreign signers are the Royal Bank of Canada, Le Comptoir Français, Le Comptoir Commercial, and besides a number of business firms.

We have now in Haiti a triangular situation with the National City Bank and our Department of State in two corners and the Haitian government in the third. Pressure is being brought on the Haitian government to compel it to grant a monopoly which on its face appears designed to give the National City Bank a strangle hold on the financial life of that country. With the Haitian government refusing to yield, we have the Financial Adviser who is, according to the Haitian-American Convention, a Haitian official charged with certain duties (in this case the

* "The general accounts and the budgets prescribed by the preceding article must be submitted to the Legislative Body by the Secretary of Finance not later than eight days after the opening of the Legislative Session."

** "The President of Haiti shall appoint, on the nomination of the President of the United States, a Financial Adviser who shall be attached to the Ministry of Finance, to whom the Secretary (of Finance) shall lend effective aid in the prosecution of his work. The Financial Adviser shall work out a system of public accounting, shall aid in increasing the revenues and in their adjustment to expenditures."

approval of the budget and accounts), refusing to carry out those duties until the government yields to the pressure which is being brought.

Haiti is now experiencing the "third degree." Ever since the Bank Contract was drawn and signed at Washington increasing pressure has been applied to make the Haitian government accept the clause prohibiting the importation of foreign money. Mr. McIlhenny is now holding up the salaries of the President, ministers of departments, members of the Council of State, and the official interpreter. [These salaries have not been paid since July 1.]* And there the matter now stands.

Several things may happen. The Administration, finding present methods insufficient, may decide to act as in Santo Domingo, to abolish the President, cabinet, and all civil government—as they have already abolished the Haitian Assembly—and put into effect, by purely military force, what, in the face of the unflinching Haitian refusal to sign away their birthright, the combined military, civil, and financial pressure has been unable to accomplish. Or, with an election and a probable change of Administration in this country pending, with a Congressional investigation foreshadowed, it may be decided that matters are "too difficult" and the National City Bank may find that it can be more profitably engaged elsewhere. Indications of such a course are not lacking. From the point of view of the National City Bank, of course, the institution has not only done nothing which is not wholly legitimate, proper, and according to the canons of big business throughout the world, but has actually performed constructive and generous service to a backward and uncivilized people in attempting to promote their railways, to develop their country, and to shape soundly their finance. That Mr. Farnham and those associated with him hold these views sincerely, there is no doubt. But that the Haitians, after over one hundred years of self-government and liberty, contemplating the slaughter of three thousand of their sons, the loss of their political and economic freedom, without compensating advantages which they can appreciate, feel very differently, is equally true.

The next article of the series will be entitled "The Haitian People."

Poor Man's Music

By M. P. WILLCOCKS

HE is a spare man, as country postmen are apt to be who have walked on an average twenty miles a day for a matter of thirty years. In a cold wind he coughs and seems to hug himself against the draught. But the fact he makes you realize is the absolute simplicity of joy. In his case, and it is a miracle of sixty years, it depends on nothing more than a sensitive ear. He has tested the quality of all the church-bells in the district and will stop, forefinger raised and blue eyes alert, to make you understand that the fifth in a certain peal is not true. True sound is his test of all truth; not only will he walk four miles to a nightingale copse, but he can tell how the bird's note varies with the winds of every different spring. He collects good nightingale years as other men note vintages.

* See documents in International Relations Section.

Yet all his life he has lived on the edge of beauty with a gulf of ugly circumstance between him and fulfilment. It is strange, this sense of frustrated desire, that has but served to whet his appetite, leaving him with a deeper bliss ahead. For in a beautiful country, the Somersetshire flats, the land of cloud-shadows that flit across a sea of green, with pollarded willows and the straight water "rhines" that glitter in the sun, all framed by the blue Mendip distances, he lives in the one ugly place, a town that once flourished on beer but is now squalid with disused factories and tumble-down cottages. In this part the women vie with Dutch housewives and go down on their knees to wash the pavement in front of their houses. Every day at Sam's home, whatever happens, and even when it is pouring, the day's work begins with the scrubbing of the flags outside his door. For his wife, Eliza, "cleans on the top of what's clean," and all his life her efficiency has been Sam's law. With it they have reared eight children, but all the time he has felt—and she knows it—that she would have been happier with a husband who could "knock up a fowl-house" in his odd times instead of playing Handel or studying the scores of Father Bach. Yet it was she who saved enough out of the housekeeping money to buy him first a harmonium and then a piano for that front-room parlor which in winter time is useless to him because they can't afford two fires.

The best way to get to the heart of that household is to sit down with Eliza of a late afternoon. The old living-room is shadowy, deep-set, with thick walls and a low window. But there is a big fire in the stove grate, with an iron kettle hanging over it on a chain and a cat in a tight ball on the rug. Eliza, who has just been out to feed the fowls, crosses her firm hands at her waist and begins; she is no eternally knitting woman. Her face is worn and alert, but not tense, because she has always been master of herself and so at ease. She has the rigid figure of one who has borne many children, but her tongue is wonderful. She sees pictures, and every time she gives you the essentials. You are not surprised to learn that she has begun to speak a bit at political meetings.

Her talk of old times comes first. It is all about barriers and how you have to bring them down. For she started in life as a pupil teacher in an elementary school—and her father was a dissenter. And before she could rise in the world into a full-fledged teacher with a career it was evident she must be confirmed in the church. But her father was a thinking cobbler, with another thinking cobbler for friend, and the two friends would knock off work again and again to dispute the point—to confirm, or not to confirm. Then the vicar called and persuaded, threatened, coaxed; but the cobblers downed him by eloquence. There should be no bowing in the house of Rimmon for her father's daughter, no, not for the sake of conquering the world. She was not confirmed, and so lost her step in life. But she is prouder than an aristocrat of the stuff she comes from, and looks on her life since as a sort of point-to-point race through Liberalism, Cooperation, and Labor, with old liberal friends horrified now at the way she has "upped" and gone with the times, producing two socialist sons, and one of these a sucking labor leader. She is for the open road, this daughter of the cobbler.

Of Sam, her man, there is not a word except a bit of a sigh that his health has broken early. If only he could have held on a year or two longer, the pension from the Post Office would have been so much bigger. One feels that, like poor health, music in a husband is a thing to put up with. Not