INEQUALITY IN THE CARIBBEAN: A CASE STUDY OF HISPANIOLA

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Introduction

The island of Hispaniola provides an interesting juxtaposition with regard to political and economic progress and inequality in the Caribbean. From colonization to independence, through dictatorships and democracies, the island – comprised of Haiti to the west and the Dominican Republic (DR) to the east – has been transformed throughout the past few hundred years, undergoing numerous political and economic upheavals and changes. To borrow Jared Diamond’s chapter title in Collapse, Hispaniola truly is “One Island, Two Peoples, Two Histories.”¹

Haiti and the DR share a similar historical narrative of colonization. Haiti grew to be the most wealthy and successful colony in the Caribbean, known as the “Crown Jewel” of France’s overseas empire.² Although the DR did not enjoy an equal level of economic success as a colony, it nonetheless experienced periods of Spanish colonization and control, in addition to an intermediary Haitian invasion, before independence was eventually established.³ Both Haiti and the DR were able to achieve independence in the first half of the 19th century, but this posed many economic and political challenges. The extractive economies of colonization depleted Hispaniola of many resources and the major world trading partners were not open to negotiation with these new states.⁴ Post-colonization, Haiti and the DR were left with weak political institutions and they struggled to implement strong, stable governments. Each country experienced multiple coups and political instability post-independence; authoritarian regimes and dictatorships seemed the

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⁴Fauriol, “Haiti,” 595-597.
only way to maintain and secure power on the island. These authoritarian regimes ultimately contributed to limiting overall economic, social, and political growth.

With regard to political and economic inequality, the authoritarian and economic experiences of Haiti and the DR were relatively similar until the 1980s. In this decade, Latin America underwent a drastic transformation as a wave of democracy flooded the region: political transfigurations and competitive elections swept the hemisphere. A massive economic crisis accompanied this democratic trend; however, democracy continued to grow in the countries that were willing to transform, and the economic downfall had less of a direct impact on these transitional states. It was during this period that great divergence occurred between the Haitian and DR narratives: the DR took slow steps toward democratization and modernization, whereas the Duvalier regime struggled to maintain its hold on Haiti until the mid-1980s.

Since this shift towards democracy in the mid-1980s, the DR has done a much better job than Haiti at achieving economic and political success. Today, Haiti is not only the poorest country in the Caribbean, but the poorest country of the western hemisphere and one of the poorest countries of the world, ranking 25th among the poorest twenty-five world nations. The DR, which is considered one of the poorer countries of the Caribbean, is performing at an economically higher success rate when compared to Haiti; in fact, the World Bank regards DR as an upper middle-income level country. Therefore, focusing on Haiti and the DR makes for a compelling comparison, as over the course of history these two countries have essentially switched “success” statuses – from success as a colony to struggling for political and economic stability, how is it that one country in Hispaniola faces political triumph and the other is experiencing stunted growth?

This paper intends to examine why the DR, which has a similar population size, geographical landscape, and political history to Haiti, is excelling in the political and economic arenas in which Haiti is currently struggling. Is the DR’s political and economic success due largely to the sustained experiment with democracy and peaceful transfers of power from the 1980s? By using a historical case study analysis and gathering modern data, I aim to identify what factors

\[5\text{Ibid.}\]
\[6\text{Karen L. Remmer, “The Political Impact of Economic Crisis in Latin America in the 1980s,”}\]
\[\text{The American Political Science Review 85, no. 3, September 1, 1991: 778.}\]
\[7\text{Ibid.}\]
\[8\text{“Data: GDP per capita,” World Bank, accessed 14 December 2014.}\]
\[\text{http://data.worldbank.org/country/dominican-republic}\]
explain the economic and political inequality found on Hispaniola.

**Literature Review**

In order to better understand the wave of democracy that hit Latin America in the 1980s, it is necessary to understand why this form of government was sought after and then to evaluate what benefits democratization has for a state, as opposed to other methods of governance. The first school of thought identified in this literature review, democratization, sheds light on why democracy has become so widespread and why the world’s political climate looks favorably upon this “universal value.”\(^{10}\) The second school of thought discussed is institution building and its effects on political and economic success. Both of these schools of thought rely on the theoretical underpinning of institutionalism, namely that the extent of inequality in or between nations can be explained as a joint product of internal and external forces, and in this case due to the success or failures of democracy and/or political institutions. Institution building in Latin America is affected by both democratization and colonialism, which leads to the third school of thought identified in the literature, colonialism, with particular attention paid to colonialist legacies and its effects on political and economic development and underdevelopment. The literature also identifies different types of colonialism and presents the various challenges the legacy of colonialism poses to democratizing and modernizing societies. This school of thought builds upon institutionalism, arguing that colonialism has a direct effect on institutional frameworks, but it also relies on the theoretical underpinning of modernization, that external forces are responsible for contributing positively (or, in absence, negatively) towards internal political and economic change.

Additionally, evidence for a comparative historical case study was gathered and analyzed in order to better frame the issues of democratization, colonialism, and political and economic inequality in Haiti and the Dominican Republic. This is presented later in the paper, under “Description of Data.”

**Democratization and Institutionalism**

Recent literature emphasizes the importance of democratization, or the transitioning to democratic political regimes, and maintaining strong democratic governmental institutions to the creation of better political, social, and economic equality.\(^{11}\) In “Democracy as a Universal Value,” economist and philosopher Amartya Sen traces how the idea of democracy has a universal commitment and is


\(^{11}\)Ibid.
regarded in the twentieth century as the “default” or best mode of governance. Sen argues that democracy is the ground on which legitimate political institutions can form. Sen’s key contribution to the theory of democratization lies in his argument that the twentieth century has seen a change in the way theorists view democracy: ultimately, instead of states being deemed fit for democracy, states become fit through democracy, and democracy is now the sought-after mechanism states use to better themselves.

Former Brazilian president Fernando Henrique Cardoso (1995-2003) expands upon the trend of democratization in Latin America, claiming that the idea of democracy has posed one of the largest challenges for the region in the post-Cold War era. As Cardoso explains, there was no space for military dictatorships in the changing political arena, and no longer any powerful bloc to support them. Therefore, democratization was essentially inevitable for the region and although the transition to democracy was more or less accomplished on a large scale, the foundations of democracy – a truly democratic civil culture with political equality – was and has not been reinforced. Cardoso highlights the corruption within election systems and political parties and the lack of due process of law. He states that Latin America has “created the infrastructure of democracy, but the soul is missing.” Cardoso states that the biggest challenge Latin America faces with regard to democracy is the fluctuation between institutions and personalism. In other words, Cardoso claims that the charismatic nature of “leaders” halts the overall process and effectiveness of a true democracy.

Cardoso argues that when slow national economic growth occurs, democracy itself, not only the economy, is blamed for the failure to respond promptly to popular demands. However, as Sen suggests, there is “no convincing general evidence that authoritarian governance and the suppression of political and civil rights are really beneficial to economic development.” Therefore, the type of political system does not necessarily equate to economic development and success; however, the opportunities for capital investment and large-scale popular

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12 Ibid.
13 Ibid.
15 Ibid., 310.
16 Ibid.
17 Ibid., 311.
18 Ibid.
19 Ibid., 312.
20 Sen, “Democracy as a Universal Value.”
involvement that are found within democracies are considered better mechanisms for reducing both political and economic inequality.

**Institution Building**

Institutions serve a dual purpose: they have the power to shape governments and in turn can be shaped by governments. Daron Acemoglu, Simon Johnson, and James Robinson emphasize that the colonial experience is one of the many factors that affect the structure and effectiveness of institutions. Likewise, Sen demonstrates that democratization is also a factor that shapes which institutions are put into place. However, creating new institutions can be seen as an act of proactive democratization in itself.²¹

Sen argues that by creating new institutions, people have the opportunity to exercise their rights more often. Democratic governments and institutions require a higher moral ground of operation and are more accepting of greater political participation.²² Additionally, the institutions established by democracies allow for greater economic growth. Acemoglu et al. argue that present-day countries with “better” or more inclusive institutions are more likely to invest in human physical capital, which in turn will result in a greater level of national income.²³ Dani Rodrik, Arvind Subramarian, and Francesco Trebbi agree, and argue that when investors believe their property rights are protected, the economy ends up richer.²⁴ This builds upon Acemoglu et al.’s argument that modern-day extractive states face economic hardships as their institutions are designed with little to no property rights, whereas neo-European colonies have fared better with the rule of law and protection of property instilled in their institutions. Thus, with strong institutions in place, it can be expected that the economy will attract more investment and experience an increase in growth. This argument – that strong or democratic institutions allow for better political and economic equality and growth – is the

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²¹ Ibid. Therefore, for this research paper and literature review it is important to note that the literature regarding institutionalism and institution building is difficult to categorize, as it can be appropriately listed under “colonialism” and “democratization” alike, and also can be measured by political and economic inequality variables simultaneously.

²² Ibid.


fundamental component in evaluating the inequality between Haiti and the Dominican Republic.

Acemoglu et al. argue that the extractive institutions set up by colonialists have persisted long after the respective colonial regimes ended. Citing the work of Crawford Young, the authors explain that these newly independent post-colonial states are the successors to the colonial regime, inheriting its structures, practices, and hidden theories of governance. It is this institutional legacy that has impeded economic progress and growth in modern colonies-turned-states. Thus, the authors argue that improving the institutions in former extractive-state colonies could make substantial economic gains.

Rodrik et al. take a different view regarding the primacy of institutions. In “Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development,” the authors identify the three common explanations that explain the gap between rich countries and poor countries: (1) geography, (2) participation in international trade, and (3) the establishment of effective government institutions. Rodrik et al. strongly critique the work of Acemoglu et al. and argue that the importance of institutions does not imply policy ineffectiveness. Essentially, the authors are arguing that policy innovations can provide fundamental changes to the economy without affecting the institutional structure in place. However, Rodrik et al. do agree that institutions have the power to effect economic development but they do not do so independently: a combination of factors is responsible for the varying income levels seen worldwide.

Jared Diamond agrees with Rodrik et al. that multiple and diverse factors explain why nations differ in wealth. In “What Makes Countries Rich or Poor?” Diamond critiques the work of Acemoglu et al. and argues that alongside institution building, the geography of a state should be considered as a factor impacting power, prosperity, and poverty in a country. Diamond suggests that Rodrik et al. make a valid argument that politics and political institutions determine what economic institution the country will have, but also notes that the challenges geography poses complicates this process. For example, countries that rely on tropical agricultural productivity are limited by their geography, climate,

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26 Ibid., 129.
and biology with regard to economic output. These limitations will directly impact whatever economic system is put into place, and while scholars look at institution building from a top-down approach, Diamond’s example shows institution building from a bottom-up theory. Ultimately, Diamond is arguing that if a political institution wishes to change its economy by changing the main exports and imports, it will be highly unsuccessful if it does not account for natural and geographical limitations.

**Colonialism**

In “The Colonial Origins of Comparative Development,” Acemoglu et al. argue that the contemporary gap between rich and poor nations can be traced to the age of colonization. More specifically, the authors claim that present-day inequality is related to the type of colonial state that was initially established by the colonizing European powers. Acemoglu et al. suggest that two different kinds of colonies were established by Europeans: the first, the “extractive state,” used by European colonists whose aim was to transfer as many resources and wealth as possible back home to the imperial crown; the second, the “neo-European” colonies, used by European colonists for settler purposes, with the goal of replicating European institutions abroad. Extractive state colonies did not allow for the protection of private property nor did they provide checks and balances against government expropriation, while neo-European colonies emphasized property rights and were designed to institutionally place a check against government power. Most of the colonial experience in Latin America followed the extractive model, especially during the seventeenth and eighteenth centuries, when Spanish colonization had the goal of obtaining as much gold and other valuables as possible from the Americas. Acemoglu et al. argue that extractive states, focused on transferring resources quickly to the metropole, had an institutional design that was detrimental to investment and economic progress.

Similarly, Andrew Gunder Frank suggests that the world’s current struggling, underdeveloped nations are the ones who have had close ties to colonial metropolises in the past. In “The Development of Underdevelopment,” Frank argues the underlying cause of underdevelopment is that great colonial powers became wealthy at the expense of the colonies they exploited and that these same

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29 Ibid., 376-378.
31 Ibid., 120-121.
32 Ibid., 128.
powers continue to exploit the colonies post-independence. Frank believes that a historical approach to the problems of development and underdevelopment shows that contemporary underdevelopment is “in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries.” These metropolis-satellite relations continue to affect the economic, social, and political life of Latin American colonies and countries.

**Development and Underdevelopment**

In “Development: Which Way Now,” Amartya Sen addresses how development economics play an important role in underdeveloped and developing countries. Sen argues that economic growth is not the same as economic development, and the reason economic development is slow in developing countries is due to a lack of planning and state activism. Additionally, low growth can be attributed to a failure of labor mobilization as well as capital accumulation. To combat this, a strong government or institutional framework is needed to bolster economic progress. Sen argues, “the point is not so much that the government is powerful in the high-growth developing countries. It is powerful in nearly every developing country. The issue concerns the systemic involvement of the state in the economic sphere, and the pursuit of planned economic development.” Ultimately, Sen argues, government involvement in fostering economic growth and encouraging industrialization, which is easier to obtain due to the abundance of this already-existing technology, can greatly improve underemployment and low growth in developing countries.

In “The Development of Underdevelopment,” Frank argues that underdevelopment is not due to the survival of “archaic” and ineffective institutions or the existence of capitalism in privileged regions, but rather underdevelopment is and continues to be generated by the development of capitalism and the continuous cycle of metropolis-satellite relations, supported by dependency theory. Frank argues that the expansion of capitalism has penetrated even the most isolated corners of the world, meaning that the current institutions and examples of global inequality cannot claim to be “behind” in terms of

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34 Ibid., 283.
35 Ibid., 284.
38 Ibid.
knowledge or access to some sort of capital economic system.\textsuperscript{40} Therefore, underdevelopment of a region cannot simply be due to its isolation from the world market and its pre-capital institutions.

Additionally, Frank argues that the cycle of metropolis-satellite relations repeats itself, but only when convenient for the metropolis. Essentially, Frank argues that satellites will experience the most economic growth and classic capitalist industrial development when their ties to a metropolis are weak, or when the state is left to its own devices.\textsuperscript{41} This argument counters widely accepted scholarship that claims contact with developed nations will actually help underdeveloped nations grow. Frank’s article suggests that underdeveloped nations, which he presumes have contact with capitalism, will increase their own development if they move beyond the legacy of colonialism and the metropolis-satellite cycle and place all surplus capital in the world market, effectively breaking away from economy-sucking metropolis powerhouses.\textsuperscript{42}

Cardoso agrees with Frank that capitalism has affected most regions of the world, arguing that its growth in Latin America is due to the globalization trend of democracy and capitalism in the 1980s and post-Cold War era. Ideas about capitalism and competing in the global market affected the political makeup of each Latin American country, as the states with better institutions that observed contracts and the rule of law were able to attract more investment of international capital.\textsuperscript{43} However, not all countries in the region had the necessary conditions to join the new world order. Cardoso argues that the countries that lack a diversified economy experience greater difficulty in adjusting to the ideas and pressures of world capitalism, which can explain the greater economic inequality between states.

When slow growth occurs, Cardoso argues, democracy itself, not only the economy, is blamed for the failure to respond promptly to popular demands.\textsuperscript{44} However, as Sen notes, there is “no convincing general evidence that authoritarian governance and the suppression of political and civil rights are really beneficial to economic development.”\textsuperscript{45} Therefore, the type of political system in place does not necessarily translate into economic development and success; however, the opportunities for capital investment and large-scale popular involvement that are found within democracies are considered better mechanisms for reducing inequality.

\textsuperscript{40} Ibid., 285-286.  
\textsuperscript{41} Ibid., 288.  
\textsuperscript{42} Ibid., 285-288.  
\textsuperscript{43} Cardoso, “New Paths,” 311.  
\textsuperscript{44} Ibid., 312.  
\textsuperscript{45} Sen, “Democracy as a Universal Value.”
**Hypotheses**

The existing literature regarding democratization, the primacy of institutions, and the effects of colonialism on development demonstrate how present-day inequality cannot simply be explained as a matter of democratic transformation or colonial legacy. The literature highlights that a number of variables, working collectively together, explain why developing countries experience differing levels of political and economic inequality. Thus, the variables this paper intends to research are democracy, institutions, and the colonial legacies left in Haiti and the DR.

The theoretical underpinnings of institutionalism and modernization best fit the scope of my paper. This paper hypothesizes that external forces, such as the wave and implementation of democracy and democratic institutions, and the end of colonialism, coupled with the emergence of a global capitalist market, have contributed to the political and economic disparities between the nations of Haiti and the DR. More specifically, this paper hypothesizes that the legacy of extractive state colonialism explains why Haiti and the DR have experienced similar difficulties in creating stable institutions and economies. However, Amartya Sen’s idea that “a country does not have to be fit for democracy, but becomes fit through democracy” lays the central foundation for my argument. This essay hypothesizes that Haiti’s poor economy and lack of political and economic growth is due to the government’s failure to adopt and implement democracy and its inability to maintain strong government institutions. Additionally, I argue that the Dominican Republic’s willingness to adopt democratic values is key to why the eastern-most part of Hispaniola experiences stronger political institutions, better economic growth, and less overall political and economic inequality. In addition, I will show that the roles of democracy and institutions are at the heart of why such inequality exists in Hispaniola.

**Sources of Data**

For my research, I use a historical case study analysis of Haiti and the DR. I rely heavily on the qualitative and descriptive data presented in Howard Wiarda and Harvey Kline’s seventh-edition *Latin American Politics and Development*. In particular, I draw on Esther Skelley Jordan and Georges A. Fauriol accounts of the historical backgrounds of the DR and Haiti respectively, while also analyzing their current stance with regard to political and economic development. I supplement these historical accounts with additional scholarly articles from the social sciences that retrace the political histories of both countries. While this research is mostly focused on analyzing descriptive data and providing explanations, it also
references statistical data provided from the World Bank and International Monetary Fund.

Defining the Variables

**Democracy** - Democracy is used as a tool to measure both political and economic inequality in Haiti and the DR. With regard to measuring strictly political inequality, democracy is evaluated by the methods undergone to adopt democratization, taking account of the year and process of democratization, and factoring in the general reception of democracy by each state. Elections, presidencies, and political participation are a few components I am looking for in order to detect how democratic the states have become.

**Institution Building** - More broadly, institution building is measured by the longevity, authority, and legitimacy of institutions put in place post-colonialism. This includes various regime changes and institutional upheavals, and will account for the change in institution building after democratization is introduced to both Haiti and the DR. Institution building will account for both political and economic institutions, should they exist in both Haiti and the DR.

**Colonialism** - Colonialism is measured by examining each state’s historical experience with European colonizing powers. It is then evaluated by whether an extractive or neo-European state was established and is traced to see how and if the mode of colonialism affects modern institutions, economics, and politics today. This variable will account for the goods and services exchanged under colonialism and seek to find similar economic patterns in present-day Haiti and the DR.

Description of Data

**Hispaniola**
The island of Hispaniola, discovered by Christopher Columbus in 1492, was originally founded as a Spanish colony and was consequently designed as an “extractive state”. Acemoglu et al., “The Colonial Origins of Comparative Development,” 119. Spain’s colonial mission was to gather as much gold and valuables as possible from the Americas and to bring the wealth back to Europe to support the crown. The diseases brought by the Spanish wiped out a large number of the island’s indigenous populations, and slave labor was brought in from Africa in order to continue the mining and extraction economy the colonists had in

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47 Ibid., 123.
place. Soon, the Spanish became uninterested in Hispaniola as the extractive minerals were depleting, which caused a scramble for power among other colonizing powers for control of the island: ultimately, the French gained control of the western part of Hispaniola, which came to be Haiti in 1697, and the two European powers redrew political and socio-geographical lines on the island.

**Haiti**

Haiti emerged as an independent nation in 1804 and was the first of its kind to break away from slavery and colonial rule in the Caribbean. Once known as the “crown jewel” of France’s overseas empire, the newly independent nation suffered from a ruined economy with no international network or allies to provide economic support. Haiti experienced post-colonial instability in numerous ways: a strong mistrust of whites and foreign alliances circulated through Haitian society, and racial prejudice and ethnic cleansing turned compatriots against each other; the economy, reliant on agriculture and subsistence farming, faced environmental, ecological, and political endangerment, especially as it struggled to modernize, democratize, and enter the world marketplace; and the country received little foreign investment to support its economy and government.⁴⁹

Since its early independence, Haiti has struggled to establish political and economic stability. The country has had powerful authoritarian personalities and regimes in power for over one hundred and fifty years. Haiti has experienced military coups, “emperors,” countless presidents, authoritarian dictatorships (i.e., the Duvalier era), and most recently the controversial Aristide presidency. The institutions implemented throughout each of these governments were extremely weak, as they were continuously changed and bent to the will of the elites in power. These institutions and dictatorships stifled economic growth and minimized political participation and equality.

As the third wave of democracy hit Latin America in the 1980s, Haiti remained under the Duvalier dictatorship, under “Baby Doc” Jean-Claude Duvalier, who had been in power since 1971 as the successor to his father’s brutal regime.⁵⁰ Previously, “Papa Doc” Duvalier had brutally oppressed all opposition, limiting all political participation and personal freedoms in Haiti. Baby Doc continued many of the same oppressive traditions, but during most of his reign Haiti was less violent. After the Pope visited Haiti in 1983 and called for political, economic, and social reforms, widespread discontent spread throughout the

country, putting pressure on the administration. Revolts and protests broke out throughout Haiti, which eventually led to Duvalier’s exile.\(^{51}\) Haiti then tried to hold democratic elections, as democracy was sweeping Latin America, but the attempts proved to be corrupt and short-lived.

Aristide, the first president of Haiti to be “democratically” elected in 1990, exemplifies the difficulties Haiti faces with democratization and the stabilization of institutions. Aristide was overthrown by a coup after eight months and replaced with periods of military power until his reinstatement in 1994. Political, economic, and social inequality increased in the state during this unstable period.\(^{52}\) The United States and its Haitian allies attempted coups d’état on several occasions in efforts to reinstate democracy, but by doing so, the existing political and economic institutions further crumbled, and new institutions put in place by the US, UN, or Haitian elites lacked legitimacy, stability, and majority approval.\(^{53}\) The United States, which has a much-involved imperial and foreign policy in Haiti, has attempted to reinstate democratic systems and values by dismantling old legislatures and institutions and forming US-approved mechanisms. However, as Roger Annis and Kim Ives explain, by doing so the US has destroyed what little remains of Haitian democracy and sovereignty, especially since the country appears unable to rebuild its physical, political, and economic infrastructure on its own.\(^{54}\)

Haiti has attempted to overcome repression and has tried to hold free and fair elections since the collapse of the Duvalier dictatorship in 1986, but however valiant the country’s efforts, Haiti cannot seem to shake off its unstable past. As Annis and Ives explain, even the more recent 2010 general election was plagued by widespread fraud, manipulation, and disenfranchisement. Thus, Haiti continues to experience instability, continuing the trend of military coups and political inequality.\(^{55}\) The current prime minister, as of December 13, 2014, has resigned his position due to the political unrest in Haiti. With elections being overdue, corruption in government, and political protesting, this resignation was an attempt to make a comment on the political crises Haiti continues to face.\(^{56}\) Although “Haiti is far from the hell that it was under the Duvalier dynasty (1957-86) and the


\(^{52}\) Fauriol, “Haiti.” 592-607.

\(^{53}\) Amis and Ives, “Haiti’s Election Debacle,” 22.

\(^{54}\) Ibid.

\(^{55}\) Annis and Ives, “Haiti’s Election Debacle: A Coup Legacy,” 40.

murderous military regime of coup leaders Raoul Cédras and Michel François (1991-94),”\textsuperscript{57} it still has a long way to go to reach political and economic stability.

Haiti, regardless of its many efforts and attempts throughout the years, has essentially failed at “fair and free” democratization. This failure to democratize and to establish stable institutions has directly impacted the Haitian economy, which relies heavily on foreign aid, especially from the United States.\textsuperscript{58} Haiti owns 0\% of the Caribbean Community and Common Market (CARICOM) regional market.\textsuperscript{59} The World Bank classifies Haiti as a low-income level country, accruing $8.459 billion GDP annually, and with a GNI per capita of $810 (2013).\textsuperscript{60} This is significant poverty, as Haiti has a population of 10.32 million people\textsuperscript{61} – about equal in population size to its neighbor, the DR, only with one-half of the geographical space.\textsuperscript{62} Currently, 58.5\% of the Haitian population lives at or below the poverty line, with a life expectancy of 63 years.\textsuperscript{63} As a low-income country faced with such inequality, remittances have become the steadiest source of income.\textsuperscript{64}

In addition to its weak political institutions and struggles adopting democracy, Haiti has a crippled economic sector. The geographical location of Haiti makes it one of the most disaster-prone areas in the world, and the costs associated with the frequent recurrence of natural disasters are high. The effects of natural disasters limit whatever growth, debt, and progress the state has made, but because of its debt, low levels of export, and economic output, there seems little hope for Haiti to rebuild itself as it faces this cycle of environmental-economic disaster.

**Dominican Republic**

The Dominican Republic achieved its colonial independence from Spain in 1821; however, it was ruled by Haiti until 1844.\textsuperscript{65} From 1844 until 1930, the DR


\textsuperscript{58} Annis and Ives, “Haiti’s Election Debacle: A Coup Legacy,” 40.

\textsuperscript{59} CARICOM Integration and Regional Programs Department, “CARICOM Report,” The Inter-American Development Bank, Institute for the Integration of Latin America and the Caribbean IDB – INTAL, Buenos Aires, Argentina, 2005.

\textsuperscript{60} World Bank, “Data: GDP per capita.”

\textsuperscript{61} World Bank, “Haiti.”

\textsuperscript{62} Ibid.

\textsuperscript{63} Ibid.

\textsuperscript{64} International Monetary Fund, “Caribbean Small States: Challenges of High Debt and Low Growth,” 2013: 5.

experienced an internal war, foreign intervention and invasion, and bouts of military coups and authoritarian dictatorships.\textsuperscript{66} Although the nation has been marked by violence, its viable sugar industry became the cornerstone of Dominican society and its post-colonial economic foundation.

In 1930, Rafael Leonidis Trujillo Molina overthrew the DR’s unstable government and restored the economy, but at the expense of democracy and human rights. Trujillo was known for brutally oppressing all political opposition and critics, yet he managed to bring industrialization to the country and promoted the DR’s sugar industry, to the state’s benefit.\textsuperscript{67} His institutions were able to repay all DR foreign debt, but at the expense of its people: poverty was widespread and political inequality was abundantly obvious.\textsuperscript{68} Due to this oppression and Trujillo’s plans to kidnap and assassinate other leaders and critics in power, the elites in DR society, supported by the US, carried out Trujillo’s assassination in 1961. The next few years were plagued by another military coup, a battle between Joaquin Balaguer and Juan Bosch for power, and another US invasion (inspired by Cold War politics) to ensure that the DR would pursue democracy and avoid becoming a socialist state.

As the 1980s’ wave of democratization spread to Hispaniola, the DR responded effectively. The first two presidencies of the era stifled political and economic growth, and were faced with mass protest. Consequently, Balaguer was re-elected to power in 1986, where he focused his regime on establishing stability and promoting modernization.\textsuperscript{69} According to Samuel Martinez, the change in state governance, specifically the shift from a weak institution to a stronger central government, explains the shift towards economic success in the DR.\textsuperscript{70} The DR restructured its government to have strong legislative and judicial branches to balance the executive, which still struggles to adhere to democratic values. However, all components of government have been working together more effectively since the wave of democratization to produce better domestic and economic policies. Martinez argues that after the age of democratization, the DR state began to strengthen and grow internally and thus it was able to exert its influence on the economic sector by impacting the elites in charge of sugar

\textsuperscript{66} Ibid.
\textsuperscript{67} Jordan, “The Dominican Republic,” 578.
\textsuperscript{68} Hall, “The Transition from Dictatorship to Democracy in the Dominican Republic,” 14.
\textsuperscript{69} Jordan, “The Dominican Republic,” 578.
\textsuperscript{70} Samuel Martinez, “From Hidden Hand to Heavy Hand: Sugar, the State, and Migrant Labor in Haiti and the Dominican Republic,” \textit{Latin American Research Review} 34, no. 1 (January 1, 1999), 59.
The sugar-dependent economy grew in the 1990s and gave way to a sustained average growth of over seven percent. During the 2000s, the DR had peaceful elections and exchanges of power. This stabilization, coupled with an increase in GDP ($36.7 billion GDP, more than triple that of the early 1980s) resulted in a more economically content, politically active DR. The economy continues to become more diversified, as the DR is moving away from the agricultural sector and relies more on US foreign investment, the United States being one its strongest trading partners in the Caribbean. Slowly, the DR has emerged in the global marketplace. With a population of 10.4 million (2013), a GNI per capita of $5,260, and a GDP of $60.61 billion, the Dominican Republic is now classified as an upper middle-income level country.

Although the economy has progressed since democratization, economic inequality does still exist inside the DR. 40% of the population live at or below the poverty line and the life expectancy is estimated at 73 years.

Discussion of Hypothesized Relationships in Light of Data

Haiti and the DR have similar colonial histories. The island of Hispaniola was institutionally set up by the Spanish to extract as many resources as possible from the Americas, in order to increase Spanish wealth and influence back home. This extractive state established by the Spanish, and echoed by the French, set up the island and its two countries for failure, as the colonial design did not allow for strong institutions, political participation, or economic growth and independence.

Post-independence, Haiti and the DR were affected by similar political trends. Both countries were shaped by dictatorships that weakened social institutions, stifled growth, and required outside military involvement (US in the Cold War) to either intervene or impose ideals upon state governance and politics. However, the wave of democracy in Latin America during the 1980s proved to be the divergent point for Haiti and the DR. Haiti, under strict authoritarian rule until the mid-1980s, resisted external and internal pressure to democratize. The DR was able to successfully, although slowly, adapt democratic ideals and values and implement them in Dominican society throughout the latter half of the 1900s, and were able to best exemplify these ideals into the 2000s.

71 Ibid.
73 Ibid., 579.
75 Ibid.
Relating to the Literature

The DR has achieved better economic and political success due to the efforts made by the state to become “fit through democracy.” Their slow, albeit imperfect, attempts at democratization explain why the country has been more stable and has better economic success. Additionally, due to the DR implementing better institutional reform, more people are able to take part in the political process. As Mainwaring and Scully explain, “effective states are important for successful democratic governance. Without an effective state, neither democracy nor development will flourish.” This supports Sen’s arguments that creating new institutions give people the opportunity to exercise their rights more often, thus creating a more content democratic society. This also correlates with the institutional arguments made by Rodrik and Subramanian.

The DR serves as both an example and an exception to the theory of colonialism and comparative development, as put forth by Acemoglu et al. The authors essentially argue that former “extractive state” colonies, such as the DR and Haiti, had a built-in disadvantage, as the legacy of colonization set the foundation for weak political institutions and improper mechanisms to promote economic growth in both nations. The historical case studies of both Haiti and the DR adhere to this theory, as each country struggled to establish legitimate, stable, and long-lasting institutions to govern post-independence. This colonial legacy of the extractive state made military coups and dictatorships more likely in Hispaniola, and can partly explain why both Caribbean countries struggled to excel economically after independence. However, Acemoglu et al. also argue that present-day countries with better institutions are more likely to invest in human physical capital, which in turn will result in a greater level of national income. This argument favors the DR and their institution building, specifically their ability to adopt and sustain a democracy, and explains why the DR is achieving a much greater level of income and more investments in its human and physical capital than Haiti.

Refuting the theory of dependency and suggesting the cycle of underdevelopment, Andre Gunder Frank argued that satellites experience the most economic growth and classic capitalist industrial development when their ties to a

79 Ibid.
80 Acemoglu et. al, “The Colonial Origins of Comparative Development,” 120.
81 Ibid.
metropolis are weak.\textsuperscript{82} This argument counters scholarship which claims that contact with developed nations will help underdeveloped nations grow. This case study of Hispaniola disproved Frank’s findings: through democratization, adopting capitalist policies, and engaging in trade relations with major metropolises (e.g., the US), the DR is experiencing much more economic growth as it strengthens its ties with countries in the international marketplace.\textsuperscript{83} It is specifically the contact with developed nations that is contributing to the DR’s success, which contradicts Frank’s argument. Additionally, Haiti is experiencing a reverse trend in economic growth, with lower projected annual GDP rates for the next year\textsuperscript{84}, and it has weak economic ties with major metropolises, due to simply being a recipient of aid. This further disproves Frank’s theories of developing underdevelopment.

Ultimately, this combination of sustained democracy, stronger institutions, and a favorable international market climate for DR’s main products plays an important role in why the DR is performing better than Haiti and is experiencing less political and economic inequality on the island of Hispaniola. Since the wave of democracy in Latin American in the mid-1980s, the DR has done a much better job than Haiti largely due to a sustained effort of democratizing and changing its economic landscape to fit the world market. The World Bank anticipates a decline in Haiti’s GDP for the next year, whereas it predicts an increase in GDP for the DR.\textsuperscript{85} Therefore, due to the uneasy relationship with the country’s political behavior and economic performance, it seems clear that Haiti will not experience a lessening gap in inequality until stable democratic governance becomes implemented and sustained in the country.

\textsuperscript{82} Ibid., 288.
\textsuperscript{83} World Bank, “Dominican Republic.”
Bibliography


http://data.worldbank.org/country/haiti


