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**Supplies of  
Credit Among  
Haitian  
Peasants**

Prepared for the Strengthening Rural  
Credit Services Project

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## PEASANT VIEWS OF MONEY

Lajan se bagay ingra.

Money is an ungrateful thing.

Toujou gin kokin  
Nan lajan.

There is always trickery  
In money.

Lajan antrè lavil  
Min li pa touin.

Money goes to town  
But it doesn't return.

M'ap debouche yon trou  
Pou'm bouche yon lot.

I'm unplugging one hole  
So I can plug another.

Tout moun doue.

Everybody owes.

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## CHAPTER I

### INTRODUCTION

This is a study of the supply of rural credit available to small farmers in Haiti. Haitian society is by and large a peasant society, and the majority of its poor are small farmers. These peasant farmers are even today the very backbone of Haitian economy. Haiti's primary tax base has long been the coffee crop which is produced by hundreds of thousands of smallholding peasant farmers. These farmers are also the primary source of food for the nation. Ironically, Haiti's small farmers have never received a satisfactory return on the taxes they generate. Most small farmers do not have access to satisfactory terms of credit even for traditional forms of agricultural production. The demand for credit in rural farm families far outstrips available supplies. The conditions of informal credit are often abusive. At the same time, both formal and informal suppliers of credit are subject to high levels of risk in venturing loans to the rural poor. Traditional high interest rates constitute a serious obstacle to borrowing for agricultural production. In this context, the Bureau de Credit Agricole (BCA) of the Ministry of Agriculture remains the sole national program devoted to supplying low interest credit based on small farmers' assessment of their own credit needs. Due to the limited importance of modern agricultural technologies in Haiti, there continues to be only limited demand for capital intensive forms of agricultural credit.

Of particular interest to the BCA is an assessment of the adequacy and conditions of credit supplies for small peasant farmers. What loan

purposes are being supplied through traditional sources of credit? To what degree are traditional sources of credit abusive? What forms do the non-institutional sources of credit take? What is the relative supply of traditional credit in comparison with institutional sources? To what degree are traditional suppliers of credit serving needs unmet by institutional forms such as the BCA? Are there other means for making credit more accessible to rural farmers and petty entrepreneurs? Generally, how does traditional credit work and what are the various forms it takes?

The present study of credit supply serves to complement a recent study of the effective demand for BCA loans (Poulin 1983). These two studies examine what is fundamentally the same question perceived from two distinct but closely related perspectives. It is very difficult to quantify non-formal sources of credit. Traditional forms of credit are quite varied and highly dispersed throughout rural Haiti. Nevertheless, it is possible to gain a better understanding of the range and variation of informal credit, and its importance relative to institutional forms. The quest for credit is a fundamental feature of peasant economy. The question is how does it work, for what purposes and on what terms.

In keeping with the intent of this study, all five BCA regions were visited over a period of five weeks. Provincial visits included a week in the north to Cap-Haitien, La Plaine du Nord, Grande Riviere du Nord and Bahon; and in the Artibonite to Saint-Marc, Gonaives, L'Estere and Petite Riviere de l'Artibonite; to Hinche and nearby rural areas of Papaille and Aquahedionde; to Fort-Jacques and Thiotte; to Les Cayes and Jeremie in the south, including Camp-Perrin, Beaumont, Duchity, Chambellan and Julia. Over 100 interviews were undertaken with BCA staff and clients, peasant farmers and market ladies, provincial merchants (store owners, speculators) and their clients, pawnbrokers, licensed and un-licensed moneylenders and their clients, borlette operators, lawyers and priests. Interviews were

held with major credit institutions including the Institut de Developpement Agricole et Industriel (IDAI), the Conseil National de Cooperation (CNC), the Fonds Agricole at HACHO; regional development agencies such as the Organization pour le Developpement du Nord (ODN), the Organisme pour le Developpement de la Vallee de l'Artibonite (ODVA), and the Organisme pour le Developpement de la Plaine de Gonaives (ODPG), church related credit programs such as COSMICA (Hinche) and IDEA (Cap-Haitien). agro-industrial concerns including FACOLEF (Cavaillon), Comme Il Faut (Cazeau) and CONASA (Cap-Haitien).

This report is divided into three major sections focusing on salient aspects of peasant economy, traditional strategies for access to credit, the range and variation of non-formal lending sources, and a comparison of formal and informal suppliers. The discussion includes mention of Creole and French usages in the domain of credit. A bibliography is included at the end of the report as a brief listing of basic works pertinent to the subject of rural credit in Haiti. Appendices show transcriptions of actual texts used in traditional credit transactions. The report makes mention of loans in terms of the gourde, the official Haitian currency. Dollars are also accepted in Haitian circulation, and people freely use either gourdes or dollars to calculate financial transactions. A gourde is equivalent to 20 U.S. cents; one dollar U.S. is equal to five Haitian gourdes. Note the following equivalences for measuring units of land: 1 Haitian carreau is equal to 1.29 hectares or 3.19 acres.

## CHAPTER II

### PEASANT ECONOMY AND SCARCE CAPITAL

#### Peasant Agriculture

Any consideration of rural credit must first be understood in the context of peasant agriculture. This form of agricultural production has certain characteristic features:

Factor of risk. Traditional peasant farming in Haiti is oriented more strongly to minimizing risk than to maximizing production. Farm strategies thus tend to be labor intensive rather than capital intensive. In general, peasant economy is oriented less to capital accumulation than to reproducing the household unit. Farmers seek to spend a minimum of scarce cash resources. In keeping with a strategy of diluting risk, small farmers intercrop a diversity of cultigens as a way to even out the odds. They seek to have staggered harvests of a given crop, and multiple harvest periods where soil and climate permit.

Household economy. The fundamental economic unit in rural Haiti is the household. In this household economy there is a precarious balance between meeting subsistence requirements and participating in the market economy. In general, assuring a basic food supply assumes priority over producing for the market. At the very least, providing consumption requirements for the household is on a par with production for the market. As a result, loans for consumption have a direct impact on production activities.

There is generally a mix of monetary and non-monetary features in peasant economy. Not all peasant households are monetized to the same degree;

however, all households without exception participate in the cash economy. Peasant cash cropping is generally geared to both the domestic and international markets for agricultural products. There is evidence that the past decade has seen a shift away from export crops to domestic food crops. Relative prices have tended to favor food crops.

Diverse strategies. There is no homogeneous peasant economy in Haiti; rather, there is a range of peasant economies, each with its own mix of strategies. Consequently, development policies tend to affect specific sectors of the peasantry in different ways. For various reasons, some households and communities are oriented much more strongly to the market than others, e.g., vegetable growing as a cash crop (Fermathe, Kenscoff) is closely linked to the nearby Port-au-Prince market for fresh vegetables. Coffee and beans dominate the economy of Thiotte, rice in the wetlands of the Artibonite, and sugar cane on peasant smallholdings near the cane factories of coastal plains regions.

An important element in peasant diversity is the immense variation in Haitian micro-climates within very short distances. Dispersed patterns of land tenure fit easily with varied agricultural strategies linked to ecological differences. Where there is sufficient rain, mountain peasant agriculture is based on intensive intercropping, and tubers are an important food crop, e.g., Pilate (north) or Chambellan (south). Arid lowlands tend toward more extensive cropping strategies with fewer crops, focusing more on grains, fewer growing seasons and greater reliance on livestock during lengthy slack seasons. In contrast, where there is irrigation agriculture, the element of risk is more easily controlled and cash cropping tends to be capital intensive.

Peasant classes. The Haitian peasantry is not a single homogeneous class. Variations in peasant class are pertinent to the structure of rural

debt and access to credit. Most peasant families are landowners, but landholdings are not equal in size. Wealthier peasant families generally have greater access to savings. They invest in land and livestock, but surpluses may also be invested in such ventures as commerce, speculation and moneylending. In contrast, poor peasant households tend to conceal the presence of a hidden rural proletariat. Most of the rural poor are not landless sharecroppers. They are more likely to be small landowners who supplement their farm income by occasional daily wage labor or petty commerce. Due to poverty, young men often postpone the establishment of stable domestic unions until well into their 30s or 40s. Among the poor there is a pattern of migration to towns, cities or across the Dominican border. On the other hand, middle and upper peasants have emigrated in considerable numbers to other Caribbean regions and North America, including the boat migration to South Florida.

The vast majority of peasant families are landowners, and a majority are land poor. At present the BCA clientele tends to be landowners with holdings in excess of two carreaux (2.6 hectares). In one northern mountain community studied by this researcher, findings on land tenure show median holdings to be 0.75 carreaux, with a 55 percent majority of the farmers holding less than a carreau of land (1 carreau = 1.29 hectares = 3.19 acres). The poor majority supplement their holdings with rentals and sharecropping. In the community studied, only a third of the farmers actually farmed less than a carreau.

Land, labor and capital. It is useful to compare access to land, labor and capital as the key factors in peasant economy. Capital is by far the most scarce in relation to demand. Labor is the least scarce, and land is the pivotal factor. The land serves as a powerful fulcrum for gaining access to labor and capital resources. Land is the primary source of livelihood

and the most significant form of investment. Peasant farmers have relatively more control over land and labor resources than capital. Land is often available through customary ties such as lineage rights, inheritance and usufruct (use rights). Labor is also available through non-monetized arrangements, i.e., the domestic group, sharecropping and domestic servitude. Capital is relatively less accessible through customary arrangements. It is defined by the market economy, cash cropping, wage labor and the credit market. Nevertheless, there are traditional forms of intervention in capital markets, e.g., pratik (clientship), kinship ties and certain types of barter.

Prevalence of debt. Further testimony to the scarcity of capital is the general prevalence of indebtedness in rural Haiti. As a case in point, a survey of all households in one peasant community shows 85 percent of the households encumbered by debt. About 16 percent of these households have held usurious loans against land held as collateral. (For further information on this community see Smucker 1983.) Figures on indebtedness appear to be even higher in more heavily monetized communities such as L'Estere in the Artibonite. Where there are large numbers of agricultural day laborers and petty market intermediaries, the incidence of usurious loans tends to be higher despite the unavailability of land as a guarantee.

Tax burden. There is a fundamental relationship between capital scarcity and the level of taxation on key transactions such as land purchase and coffee marketing. Hundreds of thousands of peasants sell coffee to a handful of exporters who control the apparatus of export. The coffee crop is heavily taxed, and this tax is passed along to the producers in an indirect form of taxation. In effect, Haitian peasants pay the highest taxes of any coffee producers in the world (DARNDR 1976, 2):

The government of Haiti taxes coffee more heavily than any other coffee-producing country in the world...Analysis of the incidence of the coffee taxes shows that the burden of the tax falls squarely on the shoulders of the producers--the Haitian farmers--making them in effect the most heavily taxed group in the country. In view of their severe poverty, this situation raises serious equity problems.

Between 1950 and 1971, the tax rate and the exporters' share of coffee revenues both doubled while the producers' share dropped from two-thirds to less than half of the world price for coffee. The most effective way to increase capital resources in the countryside would be to reduce the coffee tax.

Capital substitution. An important corollary of capital scarcity is the use of non-monetary alternatives to the expenditure of scarce cash resources. For example, market ladies may choose to walk rather than pay transportation costs. Barter arrangements are not uncommon, e.g., a day's labor is offered in exchange for a week's rental of a hoe in the Artibonite and the Central Plateau. (A hoe reportedly costs 60 gourdes.) On La Gonave a woman offers laundry services in exchange for having wood cut for charcoal production. It is common to exchange labor rather than purchase it. Rotating labor groups exist throughout rural Haiti. Barter is present in seed exchange, i.e., beans for corn, or access to sweet potato shoots and manioc shoots through reciprocity. The cost of animal care is customarily paid through a share of the offspring. Land is rented in non-monetary ways (sharecropping). Payment for labor is sometimes made in the form of kind, e.g., processing of salt and wood charcoal. Interest charges on loans may also be paid in kind. Tax avoidance on land transactions is very significant. The tax on land purchase may be 80 percent of the cost of the land. Given the heavy tax burden, peasant farm families are able to defer tax payments for several generations of inheritance proceedings and private purchases

among the heirs. All of these maneuvers are testimony to the extreme scarcity of cash resources among peasant farmers.

#### Sources of Scarce Cash

Where peasant farming prevails, most cash needs are derived from the land, primarily from the sale of garden surpluses. In some families gardening is secondary to income from fishing, crafts, wage labor or petty commerce. In any case, most cash income in peasant Haiti is derived from the following sources:

Sale of crops and livestock. Peasant production is marketed in diverse ways. Food crops are sold on the internal market by peasant intermediaries, mostly women. Cash crops destined for the export market are channeled to the wealthy export houses by male intermediaries. In both market networks there are patterns of clientship which mediate the buying and selling of produce. These relationships commonly offer the possibility of access to credit. In the case of export crops, peasants have no direct contact with the exporters but deal through buying agents known as speculators.

A portion of peasant production is harvested little by little according to daily needs. Some crops are harvested and consumed without passing through the money economy. Other crops are harvested in quantity and exchanged at the market for cash. Some cash crops lend themselves to repeated small harvests at different stages of growth. This provides weekly cash returns at the marketplace for purchase of consumption items for immediate use in the household.

Crops such as red beans may be stored for slack season consumption or sale in small quantities to meet cash needs. More often, however, the entire bean crop is sold to meet debt payments or other pressing cash needs. In such cases, beans are sold at the lowest possible price and later re-purchased

at the highest price during planting season.

Most peasant farmers keep a few livestock. Large animals are usually kept on a cord and allowed to forage on uncropped garden lands or plots left in fallow. If the number of animals surpasses the land and labor capacity of the household, some animals are farmed out to other farmers in exchange for a share of the offspring. Animals are sold for cash when there are food shortages in the garden. In arid regions, farmers tend to have larger numbers of animals and in some cases maintain traditions of open range grazing.

Commerce. The marketing of garden surpluses is a separate matter from buying and selling produce as a form of commerce. Many peasant families supplement their income with small scale commercial endeavors. Some machann (market intermediaries) sell items locally out of the home or in a nearby crossroads. Others travel great distances to gather supplies for re-sale in other markets. Another important commerce is based on speculation in farm produce in order to take advantage of seasonal price fluctuations to reap a profit. For individual market ladies, the type of commerce is determined in large part by the amount and cost of investment funds available to her.

Agricultural processing. There are a variety of commercial endeavors which involve domestic processing of agricultural produce. This includes processing manioc into kasav (flatbread), making peanut peanut, hulling and roasting cashews, making molasses, distilling country rum, processing lime and wood charcoal.

Crafts. Skilled peasant crafts are another key source of income. This includes traditional craftsmen such as blacksmiths, shoemakers, saddlemakers, cordmakers, basketmakers, tailors, carpenters, masons, brickmakers, potters and sawyers, and special services such as healers, sorcerers, and midwives. Most such craftspeople also work the land.

Wage labor. There is a lively pattern of agricultural wage labor throughout rural Haiti. There are several forms of labor organization including individual and group arrangements, contract work and daily wages. Labor has become more expensive since the mid-1970s. This reflects the growing cost of food items on the internal market. During peak labor seasons, the going rate for daily wages is 5 gourdes plus food costs for a 4 or 5 hour workday. Agricultural labor tends to vary between 3 and 5 gourdes depending on the type of work and the season. Where there is heavy labor demand, the rate of pay is often based on contract work rather than day labor.

Land rentals. Peasant land tenure is fundamentally a regime of microproperty characterized by mixed forms of tenure. There is a fair consensus that at least two-thirds of peasant households own less than 2 carreaux of land. A single household may hold land through inheritance, purchase, use rights, cash rental, and sharecropping. The same household may also rent out land by cash and non-cash arrangements. Rentals are a significant source of income to peasant families. When money is tight, farmers rent out land at very low rates, tying up land for several years for the sake of quick access to cash.

Transfer payments. Some peasant households have access to cash through transfers of funds from absent household members living in distant cities or abroad. Funds flow into rural peasant households from relatives working in factories, coastal plantations, homes of the wealthy, commerce or government positions. Preliminary data from a BCA study of international transfers suggest that about a third of households surveyed received an average of 1,500 gourdes during the past year from relatives living abroad. The actual percentage of peasant households benefiting from international transfer payments is probably much lower than this survey suggests, due

to the nature of the sample. Nevertheless, the figures give some indication of the importance of transfer payments in the national economy and in many peasant households.

#### Peasant Savings and Investment

There is relatively little accumulation of capital in peasant economy. Nevertheless, there are characteristic forms of savings and investment which sustain peasant agriculture and reproduce the household economy.

Storage of surpluses. Ideally, peasant farmers seek to store grains through the slack season. This serves as a reserve for use as a form of exchange for cash, food in the household, seed at the next planting and commodity speculation. In reality, many farmers are unable to hold grain and bean reserves due to crop failure and a poverty of resources. In dry regions with long slack seasons, farmers commonly build kolombye, storage houses on stilts, to hold farm surpluses through the dry season. In January 1983, a farmer near Hinche still had peanuts and corn in storage from the previous October and November harvests. In well watered mountain regions where tubers are cultivated (yams, taro, manioc), storage houses such as the kolombye are not so common. Rather, the primary form of storage is on the stalk or in the ground. In somewhat drier areas where bitter manioc is planted, the manioc is kept in the ground for as long as five years and harvested as needed for consumption or sale.

Livestock. Animals such as cattle, pigs, and goats constitute the peasant bank. The key animal in this regard is the pig. The current wholesale slaughter of Haitian pigs is causing a serious financial crisis in peasant households throughout the country. Pigs reproduce quickly and fetch a good price on the market. They are easily sold for cash and readily serve as an investment of harvest surpluses with the hope of interest in the form of

offspring. Ideally, animals serve as the primary source of cash exchange for sudden consumption needs such as food shortages, illness, school costs or a death in the family. A wealthy peasant farmer in La Plaine du Nord uses cattle to haul sugar cane out of his fields. It is easier for him to sell some of these animals than to borrow money from a bank or moneylender when he has special cash needs—including the seasonal requirements of agricultural production.

Investment in land. Land is the prime object of investment and a key form of savings. The land may be sold for heavy cash requirements such as a death in the family. There is in fact a very lively market for land in peasant Haiti. Plots of land are designated to cover the cost of burial. It is the aspiration of peasant farmers to purchase land in order to cover funeral expenses and leave an inheritance for the children.

Consumer investments. The tin roofs of peasant homes constitute a form of savings. In case of a financial crisis, the tin can be stripped from the roof and sold for cash. The house may readily be re-roofed with thatch in the place of tin. Education of children is considered by many peasant farmers to be a form of investment, an alternative to purchasing land. This has the possibility of a return on the investment if a child is able to get a salaried job or marry into a moneyed family by virtue of a good education. Covering the cost of migration for a family member is also considered a form of investment in the future. Large sums of money may be borrowed at 100 percent interest or more to finance migration, e.g., the migration of people from Fond des Negres to French Guiana during the 1970s.

Informal banking services. Peasant farmers do not use the services of commercial banks. In some families there is a phenomenon of hoarding in which funds are hidden in a secret place rather than being invested or

deposited with a financial institution. Peasant farmers sometimes leave cash surpluses on deposit with "patrons" such as speculators, merchant suppliers, landlords or employers. In Thiotte, large coffee producers leave thousands of dollars on deposit with export houses in Port-au-Prince. In one case cited, a local farmer had the coffee exporter buy a jeep for him by drawing upon funds left on deposit. In sum, banking services such as secure deposits, loans and financial references are commonly performed by speculators, store owners, notaries, well-to-do peasant farmers or market intermediaries as a feature of patron-client relations. In some cases, patrons also serve as purchasing agents. Finally, there is a traditional form of short term savings in the practice of the koltiz, as it is called in Chambellan, in which daily wage laborers sell their labor on credit with a specific view to savings for end of the year purchase of meat during the holiday period.

#### Categories of Debt

As an illustration of rural indebtedness, it is helpful to examine figures collected in a debt survey of the northern mountain community mentioned earlier (page 7). See Table 1 below for the results of a survey of 69 peasant households, i.e., 352 people with debts totaling 15,000 gourdes, an average of 217 gourdes per household.

Table 1. Categories of Debt by Percentage of Debts Acknowledged in a Northern Mountain Peasant Community

Ceremonial obligations	30
Back taxes on land transactions	23
Consumption	22
Petty commerce	14
Land purchase and rental	7
Agricultural production	4
TOTAL	100

The key to ceremonial debt is the cost of burial and the accompanying ceremonial requirements. There is also indebtedness for other rites such as marriage and first communion celebrations. There is an intimate relationship between burial and the turnover of land. When there is death in a household, the family member who raises cash for burial costs generally gains access to land. When land is not available to cover the cost, the sudden demand for cash may lead to a usurious loan. Peasants are often willing to borrow at usurious rates for burial even though they would not consider doing so for agricultural production due to the problem of agricultural risk.

The degree of indebtedness shown above for back taxes is probably much lower than the actual case. Most titles to land are not current. The actual figure on back taxes would be much higher if all holdings were surveyed and notarized for legal entitlement. Once land transactions are registered with the notary, interest accrues on unpaid taxes. The level of debt on land purchases would clearly be higher if interest on all unpaid notary fees were taken into account.

The category labeled consumption includes debts for schooling, treatment of illness, food, clothing and housing. If ceremonial obligations are combined with consumption, the consumption requirements account for over half of all debts in the community. School costs are a large item under consumption. Debts accrued for food and illness are linked in good part to periods of drought or slack seasons of the agricultural year.

Loans shown for commerce are a significant category of debt, but they are much higher in peasant communities which are more strongly tied to commercial ventures and the cash economy, e.g., see the discussion of a community of bean merchants studied by Murray and Alvarez (1975). Small traders frequently go into debt as a means of entering active trade. Some

traders are willing to pay high monthly interest rates for years in order to maintain a level of income equivalent to daily wage labor. In such cases there is little margin for savings accumulation.

People may seek loans for agricultural production, but such loans are most often from friends, with little or no interest charged. In communities where agriculture is characterized by diminished levels of risk, agricultural loans are more common, even at usurious rates of interest, as in wet rice regions of the Artibonite or other irrigated areas. A well-to-do peasant farmer of La Plaine du Nord indicates that he will not borrow money for high risk crops such as corn, beans or sweet potatoes, but he is willing to borrow money for perennials such as sugar cane, plantains and manioc, or irrigated crops such as rice. In lucrative bean producing areas such as Thiotte, seeds are lent at high rates of interest for a quick return on the investment in a crop of beans (3 months). Farmers in arid zones of the Central Plateau report that they never borrow money at interest in order to farm, but they are willing to borrow from friends or from the BCA when there are severe cash shortages due to crop failure.

By any reasonable measure, the level of indebtedness in rural Haiti is quite high. In some cases, families continue to make payments on inherited debts. Debt is more strongly oriented to consumption and commerce than to agricultural production. It cannot be assumed that consumption debts are unrelated to investment in agriculture. Seasonal food shortages are a source of debt: For marginal peasant families such debts constitute an investment in the possibility of future livelihood. Speculators note that the period of greatest demand on their resources for loans is in the fall of the year when school goes into session. The amount of commercial debt varies a great deal from one community to another. In general, levels of indebtedness appear to increase with greater participation in the cash economy. It is of no small

interest to note that the patterns of indebtedness observed in the northern mountains show a strong parallel to the findings of Metraux in rural sections of Jacmel. The most significant difference is that the percentage of families acknowledging debt are nearly double that recorded by Metraux in the late 1940s (Metraux 1951).

## CHAPTER III

### TRADITIONAL SOURCES OF CREDIT

Peasant farmers seek to stretch limited incomes through a range of maneuvers designed to avoid expenditure of scarce cash. There are other strategies designed to gain special access to funds on short notice. Some transactions incorporate mixed forms of payment, commercial credits or outright loans of various types. There is considerable variation in these arrangements. Some maneuvers are very costly and others are not. A great deal depends on the character of the relationship between borrower and lender. The element of risk also plays a crucial role; some loans are secured by collateral and others are not. In some cases the risk is shared by both borrower and lender. The following discussion reviews several distinct patterns of access to traditional forms of credit.

#### Advance Sale

This is known by such terms as vann jadin (selling the garden), vann rekut (selling the harvest), vann fle (selling the buds), or vann sou pye (selling on the stalk). Crops are sometimes sold in advance of the harvest period. This may take the form of selling the anticipated harvest on a specific plot of land. Another variation is to sell by the tree, i.e., the production of a particular tree. A similar arrangement applies to the sale of animals, i.e., vann bet depi nan vant (selling animals in the belly). If a cow is pregnant, the forthcoming calf is sold in fetal stage and released to the buyer when the calf is weaned. The seller of futures—crops or animals—takes a loss in exchange for immediate access to cash.

This loss may be calculated as payment of interest on a loan. Duration of this "loan" is based on time elapsed until harvest (or weaning). For red beans this would be no more than three months, and for rice no more than six months. Other crops sold in this fashion include peanuts, lettuce, yams, sweet potatoes, corn and millet. The harvest of fruit trees (oranges, coconuts, mangos, breadfruit) is sold by the tree. Perennials such as plantains, coffee, cacao and sugar cane are sold by land area under cultivation rather than by the individual stalk or tree.

In the case of sugar cane, there has been considerable variation in supply and demand over a period of years. On the northern plains, producers are willing to sell the cane on credit when there is an excessive supply on the market. The credit arrangement assures sale. When there is a shortage of cane, buyers are willing to pay cash in advance to assure supply. When a producer has an urgent need for cash prior to the harvest, he may seek to sell the harvest for three or four years in advance. Around La Plaine du Nord this was a means of raising travel fare during the period of small boat migration to Miami (1980).

The loss on sale of harvest in advance is minimally 25 percent, and it may well be 100 percent or more depending on the circumstances. This amounts to an annual interest of 50 to 200 percent or more. Given the contingent nature of agriculture, the rate of interest may be considered a risk premium. The buyer carries the risk. Buyers are sometimes speculators (coffee) or distillers (cane), but most such buyers appear to be other peasant farmers with sufficient cash resources to engage in commerce or do a favor for a friend, with the harvest serving as collateral.

Examples:

—Aux Cayes: One carreau of sugar cane valued at 3500 gourdes, sold six months in advance for 2000 gourdes, loss of 1500 gourdes, equivalent to annual interest of 150 percent on a loan against the harvest.

--Fort-Jacques: Lettuce valued at 100 gourdes, sold for 75 gourdes one month in advance of the harvest, loss of 25 percent, equivalent to 400 percent interest per annum.

--Aux Cayes: Fetal calf sold for 15 dollars six months in advance of weaning, loss of 25 dollars, equivalent to annual interest of 333 percent plus the cost of livestock care during the six month period.

#### Cash Loans Repaid in Kind

An important variation on advance sale is a system of borrowing money to be repaid in kind during the harvest, i.e., a specific quantity of produce is to be paid in exchange for the loan. This procedure is not used to sell the entire harvest. Unlike the previous cases cited, the borrower bears full responsibility for repayment regardless of crop failure.

#### Examples:

--Jeremie: 50 gourdes borrowed in exchange for one sack of dried coffee to be paid six months later, loss of 50 gourdes, an interest rate of 200 percent per annum.

--Artibonite: 400 gourdes borrowed against payment of 160 marmits (a local measure by volume) six months later, loss of 400 gourdes, an interest rate of 200 percent per annum.

#### Loans in Kind Repaid in Kind

Lending at interest may also take the form of loans in kind with repayment made in kind. These loans stem primarily from the demand for seeds during the planting season. Others reflect the use of coffee beans as a form of currency in which coffee is readily exchanged for money or warehoused with a view to speculation.

## Examples:

—Artibonite: Rice is borrowed for use as seed, e.g., a person borrows 10 marmits with an obligation to repay 15 marmits at harvest (six months), an annual interest rate of 100 percent. Landless farmers without seed capital may sharecrop a plot of land if they can borrow seeds as well as land. The settlement of the harvest is half and half between landlord and tenant (sharecropping) plus return of the seed with interest. It is common practice for land poor farmers to borrow seeds from their patrons, i.e., landlords or employers.

—Hinche (peanuts): Another variation on the loan of seeds is to lend seeds against a percentage of the entire harvest rather than a precise quantity of seeds. In effect this is a form of sharecropping based on seeds rather than land. The lender receives a one-third share of the harvest and the borrower gets a two-thirds share. Lender and borrower both share the agricultural risk.

—Thiotte (beans): Beans are lent at 50 to 100 percent interest per crop, the annual equivalent of 200 to 400 percent. The borrower bears the full brunt of agricultural risk.

—Thiotte (coffee): In this coffee zone, one enterprising market lady makes loans against the future coffee harvest. When she is short of cash for lending purposes, she lends dried coffee beans. She is particularly happy to lend coffee beans at present since the price is low and she happens to be holding considerable stocks of coffee. She expects to be repaid in coffee at the rate of 4 bidons (local measure by volume) of new beans for each bidon of coffee lent dry. She expects the 4 bidons to dry down to two bidons after processing. This would be equivalent to an annual interest rate of 200 percent.

### Credit and Rents

Certain types of land rental constitute a form of credit with its attendant costs. Land is commonly rented as demouatye (sharecropping), fem (annual rent paid in cash) and potek, a form of rental at reduced rates for several years at a time. The French term hypothèque (mortgage) should not be confused with the Creole term potek, referring to a particular form of rental. Rental in the form of potek is made available when there is an urgent need for cash, e.g., a death in the family. A relative or neighbor who lends money for funeral expenses may be offered a potek in lieu of repayment in cash. In Duchity, coffee land is rented in this fashion for up to seven years. In Beaumont, garden land producing an estimated 500 gourdes a year in coffee may be rented for three years at 250 gourdes, equivalent to an annual interest rate of 100 percent. Offering a potek is a convenient way of raising cash in a hurry without threatening land ownership through high interest rates on a mortgage or provisional land sale.

### Credit and Land Sales

There are forms of land sale linked to borrowing money at interest.

Land and burial. Land is commonly reserved to cover burial costs. When an elderly member of the family dies, land is frequently sold, usually within the family. When such land is not put on the open market, it is known as a vente protégée (protected sale). Neighbors and relatives voluntarily make interest-free loans available when there is a death. This custom safeguards the interests of the lender in regards to reciprocity when he or she has a death in the family. It also has the effect of putting in a bid for land which might be sold to cover burial costs, i.e., the loan turns into a down payment on land purchase.

Mortgage (hypothèque). As the most significant form of peasant property, the land serves as collateral for loans—so long as the land is held with secure title. Land thus serves as an effective basis for raising money. Land is mortgaged for loans from licensed moneylenders and notaries, but unlicensed moneylenders also request land titles as collateral. In Creole this practice is known as bay kimbe papye pou kob prete (giving title to hold against borrowed money). Such transactions may be based on a simple unnotarized receipt showing conditions of the loan. See Appendix A for an example of this type of informal receipt. These receipts conceal as much as they reveal but they have the effect of guaranteeing a loan. The receipt conceals the principal and the rate of interest. It simply states what the borrower owes the moneylender and indicates the deadline for repayment.

Provisional sale. Title to land may also be turned over to a moneylender under terms of a bill of sale, a practice known as vente a remere. In effect the property has been sold with the proviso that it may be re-purchased upon repayment of the loan plus interest. This practice is officially forbidden in rural areas since promulgation of the Code Rural Francois Duvalier in 1962. It is still legal in urban areas, and it continues to be practiced in rural areas as a vente conditionnelle (conditional sale) in which the conditions are verbal rather than written. It may be that the actual incidence of this abusive practice has been exaggerated by novelists and other writers, but it is without question an ongoing practice with its attendant land loss in the face of default on high interest loans.

Where provisional sale is used as collateral, the amount of the loan does not exceed 40 or 50 percent of the presumed market value of the property. Interest rates are commonly 10 percent per month, an annual rate of 120 percent. A Cape lawyer observes that if a borrower makes interest payments, the

vente a remere technically converts to a mortgage. Payment of interest thus converts the sale to a mortgage and protects re-purchase rights.

#### Purchasing Goods and Services on Credit

A further corollary of cash scarcity is the practice of buying and selling on credit. Market ladies seek to establish credit with their suppliers. If supplies are short, market ladies may seek to advance funds to assure their supplies. These maneuvers are based on a special client relationship known as pratik (clientship). A market lady who sells to a regular customer may include a degi (bonus) to her pratik (client) when measuring out the produce or merchandise. Among laborers it is not uncommon to ask for an avaloua (advance) to cover the cost of food consumption for the day worker. Cobblers and other craftsmen also use avaloua to avoid tying up funds in inventory. With the funds advanced, they buy the materials necessary to make a pair of shoes. Storeowners customarily make credit available on purchase of items by peasant re-sellers. In most cases they do this without interest charges as it is a way of assuring a market in rural areas. This type of credit is usually extended for no more than a month or two.

#### Examples:

--A large storeowner in a small southern town has extended credit to 37 peasant clients. The value of merchandise purchased ranges from 300 to 15,000 gourdes. The merchant does not allow credit to remain outstanding for more than three months, and he generally expects payment within a month. He himself buys on credit from large Port-au-Prince importers and is billed monthly.

--A baker along the road to Baho buys flour on credit from larger merchants. He sells bread on credit to peasant resellers, but requires 80 percent of the purchase to be paid in cash at the time of sale,

with the remainder due when the bread is sold.

--A peasant market lady on the road to Dame Marie buys flour on credit, has bread made at a local bakery and sells bread out of her home. She buys two sacks of flour regularly at 145 gourdes per sack. Every two weeks she settles with the flour merchant and buys two more sacks on credit.

--Resellers of fertilizer in L'Estere may purchase fertilizer on credit by the sack. A sack selling for 90 gourdes is sold on credit for 95 gourdes even if purchased in the morning and paid up on the evening of the same day. The interest charge comes to 5.5 percent per day or 2000 percent per annum.

#### Labor Credit and the Koltiz

Rotating labor groups are a common form of labor organization. Southern labor groups known as koltiz (also atibisyon or ribot) are accustomed to selling daily wage labor on credit. This is done specifically with a view to reserving funds for family celebrations on the first day of January. Payment for work done in the month of January is collected the following November in order to assemble funds to purchase of a cow. The cow is slaughtered on December 31 in a festive manner, and the meat is divided among the group's members according to number of day's worked. If the money is not sufficient to purchase a cow, the fund is divided among workers in the form of cash. This constitutes a form of savings among day laborers who extend credit to their employers. In one case observed, the day labor is sold for credit at interest amounting to 50 percent per annum. In Camp-Perrin, a day's work in January costs three gourdes on credit, or two gourdes for cash; however, the extra gourde is to be paid on the day worked to cover food and drink during the workday.

### Rotating Credit Associations

The cengle is a group credit arrangement with structural parallels to the organization of rotating labor groups such as the escouad or ramponon. See Appendix B for an example of an active and functioning cengle at the time of field visits. This practice is known in all major regions of Haiti, but it is not universally practiced. It goes by several different names including sol, asosye and komble.

Each member of the group contributes a prescribed fee on a regular basis, e.g., daily, weekly, bi-weekly or monthly. The fund thus collected is given to each member of the group in turn. All members eventually participate on a rotating basis. If there are 12 people and the fund rotates each month, then every member will receive the collected funds, known as the min (hand), once each year. In effect, this is a type of forced savings in which a member contributes a share each week and gets his money back in a lump sum on a date fixed in advance.

The cengle is more common among salaried workers than peasant farmers; however, some farmers do participate. It is common in government offices, school systems and construction sites. There are small groupings among market ladies who see each other daily in the marketplace. Market ladies in Cayes collect from 10 to 50 centimes daily for a cengle which pays out the min once a week on Sundays. The town of Bahon has at least six cengles operating at the present time. These groups have fees ranging from 10 gourdes per week to 200 gourdes per month. Farmers who participate in cengles often have commercial activities which supplement agriculture. In one rural section of the northern plains a 10 gourde per week cengle operates among farmers engaged in small commercial ventures including a bakery, lottery sales and speculation. These individuals make plans for their funds ahead of time in order to maximize their use commercially.

In contrast to the northern cengles observed, the komble of Marche Leon (Jeremie) has more of a festive or recreational character. It is practiced by peasant farmers who gather on Sundays for games of chance. A lottery system is used to designate the week's recipient of the fund. All members receive funds but the rotation is determined by the weekly lottery as a festive event. In Leon the komble have as many as 50 people, and weekly contributions to the fund vary from 10 to 50 centimes.

### Moneylenders

There are numerous moneylenders in Haiti. Lundahl (1979) estimates that the ratio of borrowers to lenders may be as little as 8 to 1. This very low ratio is calculated on the basis of an estimated number of speculators, large peasant farmers and traveling market intermediaries. Without question there are a large number of lenders; however, there are relatively few who specialize in making a living in this way. It is most frequently a sideline of other occupations, an occasional commerce when there is a temporary surplus of funds available. Furthermore, the scarcity of capital resources among most rural inhabitants has the effect of making special access to funds a highly valued asset. The contingent character of peasant agriculture and the presence of non-monetized sectors in peasant economy make moneylending a high risk venture. The decentralized character of moneylending contributes to the diversity of forms which it takes. Some of these forms have already been explored, especially in manipulations of land, crops and petty commerce. Given the prevalence of debt in rural Haiti, it is essential to explore the range and variation of moneylenders. The discussion which follows focuses on different categories of people who lend money. In addition to the loans discussed in the narrative, see Table 2 below for selected cases at a glance.

Table 2. Selected Cases Illustrating Various Types of Traditional Loans, in gourdes, with Interest Rates by Percent

Source	Amount	Guarantee	Time	Rate of Interest		Comments
				As Cited	Annual	
Friend	200	none	1 year	voluntary	7.5	For speculation
Friend	2500	none	1 month	5/month	60	For commerce
Speculator	150	coffee	6 months	none	none	For schooling
Speculator	1750	coffee	1 week	none	none	Cash flow prob-death
Speculator	50	coffee	6 months	100/1/2 year	200	Repay by 1 sack
Pawnbroker	150	jewelry		20/month	240	Pawned at interview
Pawnbroker	50	bedspread	7 months	10/week	520	Redeemed at interview (Client paid interest equal to value of loan, actual rate only 168% per annum)
Notary	100	co-signer	6 months	10/month	120	For petty commerce
Licensed Usurer	6000	Property	5 years	5/month	60	Client lost house: Vente a remere, land lost
"	2500	Property	10 years	5/month	60	" "
Usurer	20	none	1 day	10/day	3650	From borletier/lender
Usurer	20	none	1 week	100/week	5200	"
Usurer	1500	receipt	6 months	25/month	300	For vegetable commerce
Usurer	1500	receipt	6 months	5/week	260	For fertilizer commerce
Usurer	200	receipt	3 months	50/1/4 year	200	For bottle commerce
Usurer	500	receipt	5 years	15/month	180	For schooling
Usurer	500	receipt	2 years	10/month	120	For commerce
Usurer	500	receipt	8 years	25/month	300	Unpaid, land lost

Pawnbrokers. There are pawnbrokers in most Haitian towns and cities but rarely in rural areas. Formally they are known as maisons d'affaires or agents d'affaires, but in Creole they have such names as plann, melimelo or bric-a-brac. In principle, the pawnbroker makes loans against an object of value left on deposit as collateral. See Appendix C for the text of a pawnbroker's receipt. Receipts for loans and items pawned are commonly written up in the form of sales receipts, i.e., provisional sale. Most pawnbrokers charge 20 percent interest per month although some charge 25 percent or more. A pawnbroker in Cap-Haitien charges 10 percent per week for loans under 100 gourdes, and 20 percent per month for loans over 100 gourdes (annual rates of 520 and 240 percent interest). There are certain limitations on total

interest paid. In principle, licensed pawnbrokers are not allowed to charge interest which exceeds the value of the loan.

The deadline for repayment of the loan serves as a cutoff point beyond which the object on deposit can be sold if unredeemed. The Cape pawnbroker gives a three month deadline for redeeming an object; however, he does not generally sell items until a year and a day have elapsed. (This is verified by clients as well as deposit slips.) Other pawnbrokers do not hesitate to sell items after three months have elapsed, especially in smaller towns. If interest payments are kept up, the deadline for repayment of the loan is extended. Loans are based on the appraised value of the object pawned. These loans do not exceed one half of the object's estimated market value. Most loans vary between 5 and 500 gourdes against such items as clothing, radios, fans, blenders, flashlights, jewelry, stereo equipment and bicycles. Interviews with clients and pawnbrokers suggest that pawnbroking is strongly affected by the flow of luxury consumer goods from relatives living abroad. In effect, radios and tape players enter the domain of transfer payments to relatives as a supplement to the transfer of currency. Many of these items then find their way to the pawnshops as collateral for loans. This is especially true of the larger towns and cities of Haiti. There are literally dozens of pawnbrokers in the city of Cap-Haitien, whereas there are only four in Hinche, two in Grande Riviere du Nord and none in Baho.

Friendly loans. A large share of indebtedness in rural Haiti is to friends and relatives. Much of this is interest-free; however, such loans carry with them the expectation of favors in return. Friendly loans tend to be held indefinitely unless the lender takes initiative to ask for the money to be returned. Anyone with visible access to cash is subject to requests for loans. Some people with wealth avoid lending

money by pleading poverty or avoiding the display of wealth. Friendly loans are an important feature of patron-client relations. Patrons (landlords, employers, store owners, speculators) are willing to grant interest-free loans to assure a client's labor, purchasing power or other useful services.

Some friendly loans carry interest charges. For example, a peasant farmer in Bahon occasionally borrows money from a relative who does not ask for interest payments; however, the borrower voluntarily pays 15 gourdes on a 200 gourde loan (7.5 percent interest) as a hedge against the possibility of future loans. A market lady's fund of commercial capital lies dormant while she is not actively trading, so she may lend out funds at interest. A man saving money to build a house may lend his savings to a market lady for a few months. In one such case, the lender made 300 gourdes available on condition that 350 gourdes be returned in three months, i.e., an interest rate of 67 percent per annum.

In friendly loans the borrower may settle with the lender by sending weekly provisions for household use (payment in kind) or by splitting the profit in two equal shares (payment in cash, shared risk). Loans with an interest charge may later be renegotiated in favor of the borrower. Well-to-do merchants borrow from friends at interest rates of 5 percent per month (60 percent annually). This is not considered usurious by either borrower or lender. Some merchants say anything under 20 percent interest per month is a "favor," i.e., anything under an annual interest rate of 240 percent.

Speculators. The hundreds of speculators dispersed throughout Haiti are a significant channel for credit. As coffee buying agents, speculators are advanced millions of dollars from the coffee export houses in order to buy coffee from peasant producers. The annual value of coffee

exports has varied between 33 million and 91 million dollars during the past five years. In 1981-82, coffee exports amounted to 36 million dollars. The producer's share is certainly no more than half of this and possibly less due to heavy taxation and the costs levied by exporters. Even taking into account the value of domestic consumption of coffee, the harvest of 1981-82 could hardly have exceeded 48 million dollars in value. Only a portion of domestic consumption passes through the hands of the export houses, so coffee income flowing back to peasant producers was certainly no more than 24 million dollars in 1981-82.

In any case the coffee trade constitutes the single most important flow of dollars into peasant households. A large share of these funds originate in the form of credit advanced to speculators from exporters. Speculators begin receiving funds in September and October with final settlement of their accounts to be made the following April. Speculators also invest their own funds in coffee buying. During the off-season they continue to buy some coffee, but their capital funds at this time stem primarily from their own resources rather than the export houses. When the market is right, speculators may choose to borrow funds at interest in order to take full advantage of the market, e.g., a speculator in Jeremie borrowed 50,000 gourdes from another local merchant at 5 percent per month (60 percent per annum) using the vente a remere (provisional sale of property) as collateral.

A speculator's commerce is limited not only by the supply of capital funds, but also by access to coffee suppliers. In order to assure a ready supply of coffee, the speculator seeks out sub-agents, usually peasant farmers, to buy for him and encourage other farmers to sell to him. These unlicensed coffee buyers are known by various names such as zombi (living dead), lake (tail), voltije (vaulter) or soumarin (submarine). These

sub-agents engage in buying practices that are not subject to the same controls as licensed speculators. Unlike speculators the sub-agents do not use scales; they buy by volume rather than weight. There is less quality control over coffee purchases; they are willing to buy green coffee (forbidden by law). They also lend money at interest. Speculators advance money to their zombi agents in rural neighborhoods, and these agents in turn lend out money to coffee producers. The peasant sub-agents are quick to purchase harvests in advance or lend money in return for payment in kind. So long as they supply coffee and make payments to the speculator, the sub-agents are not subject to strong pressures to make full payment on debts which they contract with speculators.

Aside from engaging sub-agents, speculators extend credit in other ways to assure the supply of coffee. This takes two forms: loans at interest, and interest-free loans. Interviews with clients and speculators suggest that the bulk of speculator loans are interest-free. Licensed speculators are likely to extend loans to regular clients, with no interest charges, as a way of protecting coffee supply and maintaining pratik (clientship). Speculators are more than willing to take a loss on these interest-free loans to clients. A speculator in Jeremie has 30,000 gourdes out in uncollected loans to his clients. He figures to take an 80 percent loss on these loans but still considers it a worthwhile investment: It ties clients to him and assures a regular supply of coffee during the harvest. Other speculators show a default rate of 50 percent on loans amounting to thousands of gourdes. So long as they owe the speculator, clients feel duty bound to bring him their coffee, and the speculators may well pay cash rather than accepting coffee for debt service. Or, a speculator may annul a 25 percent portion of the debt if a farmer delivers part of his harvest for debt service, i.e., the speculator pays a bonus.

Some clients seek out other speculators rather than returning to the one who lent them money. More often, however, the client relationship is maintained.

What is clear is that coffee speculators are an important source of rural credit. The peak time for loan requests is October, the period of school openings. Loans for schooling are often repaid in February or March when producers are in the final stages of coffee harvest. Speculators also lend money for marriage and burial ceremonies. A speculator in Thiotte lent one client 1,750 gourdes on short notice, free of interest, for funeral costs. The client returned the money within three days after selling some livestock. Most loans reported by speculators are for consumption, with school costs at the top of the list. Loans vary in size but most such loans appear to vary from 50 to 150 gourdes.

Speculators perform a series of banking functions. Aside from lending money, they are a ready source of quick cash. They also hold money on deposit on behalf of a client. They may use this money without paying interest to the client. In some cases they serve as purchasing agents on behalf of a client with funds on deposit. For example, speculators in Beaumont purchase tin for peasant clients who are building homes with tin roofs.

Notaries and surveyors. The position of notary is of special significance due to the notary's official capacity in drawing up title to land, levying taxes on land transactions and certifying receipts for land purchase. Unlike licensed moneylenders, notaries are present in all communes of Haiti, even in remote areas. The position offers special opportunities for lending money with legal sanctions and land as collateral. Interest rates vary but the most common rate cited is 10 percent per month (120 percent per annum). Notaries also lend money when no land is available as collateral. For example, a market lady who needs capital funds may

approach a notary for a loan. If the notary does not know the person, he may request a co-signer for the lend. Receipts or written conditions in such loans carry considerable weight due to their official character. If a notary has a potential client but no funds, he may seek a deposant (depositor) to make funds available for the transaction. In such cases the notary and the depositor share the interest which accrues, generally a third to the notary and two-thirds to the despositor.

Similar to notaries, surveyors are in a special position to make loans at interest. Surveyors are officially appointed by the state. Their services are required for legal entitlement of land or formal divisions of inheritance. If money isn't available to pay the surveyor's fee, the surveyor may lend money against land as collateral or even make an arrangement for payment in the form of land. Surveyors commonly engage in the traffic in land as a sideline of the profession. The commerce in land and moneylending may well be more important than the survey fees collected.

Usurers. When people make reference to usurers, they do not generally have in mind pawnbrokers, notaries or speculators. Reference to usury is made in terms such as lajan ponya (dagger money) or pese ke (pierce the heart). Usurious lending is practiced by those licensed for this purpose and by many more who are unlicensed. Most usurious loans are not made by licensed moneylenders. Licensed lenders are limited primarily to larger towns and cities. Many market intermediaries and gro abitan (large peasant farmers) make occasional loans at high rates of interest. Boat captains and agents of migration also make loans. Local usurers profited from the small boat traffic to Miami. There is a close tie between moneylending and borlette lotteries; however, it should not be assumed that borlette is simply a front for moneylending. Borlette operators have to maintain sufficient cash resources on hand to cover their obligations when the lotteries fall against them. On

the other hand, borlette is a very successful business in Haiti. A borletier with surplus funds and savings may well lend money at interest. One of the largest borlette operators in Port-au-Prince reputedly began her career in moneylending and later invested in borlette.

As a commercial venture, usury is most effectively practiced in the context of salaried workers (factories, offices, construction sites, road crews) or zones of heavy commercial activity, e.g., L'Estere is one of the largest marketplaces in the country. In these settings small sums are lent for the short term at very high rates of interest. For example, workers on road crews may find it necessary to borrow money for consumption requirements prior to the end of the month. Usurers are willing to advance 70 or 80 percent of a month's pay to a worker in exchange for his paycheck at the end of the month. Such practices are especially prevalent in situations where payrolls are delayed for a few days. The practice of lending money against a paycheck is known as vann moua (selling the month). At monthly interest rates of 20 to 30 percent, these loans amount to an annual interest rate of 240 to 360 percent. At the cane mill near Cayes, a worker may borrow 100 gourdes on condition of repayment at 25 percent per week (1,300 percent annually), or 20 percent for a two week period (514 percent annually). In principle, these are short term loans, but there are cases where such loans remain unpaid for the duration of the cane harvest, a period of five or six months, with regular interest payments assured through the factory paymaster each payday, i.e., the lender is paid before the worker receives his paycheck.

Loans are sought by market ladies seeking funds for petty commerce. One small trader in L'Estere has held a 500 gourde loan for over a year. She pays 15 gourdes per week in interest, an annual rate of 156 percent. A woman trading fertilizer holds a 300 gourde loan and pays 15 gourdes each week, or 260 percent per annum. Another woman borrows 20 gourdes for one

day's work twice each week. She picks up the money in the morning and returns it at night with 10 percent interest. At two days per week for a year, this amounts to a total of 1,040 percent paid in interest in the course of a year's time, or an interest rate equivalent to 3650 percent. A borletier of L'Estere frequently lends 20 gourdes on Friday with the expectation of 10 gourdes interest on Tuesday and another 10 gourdes on Friday until the principal is paid. This amounts to 100 percent interest per week, or an annual rate of 5200 percent. For the petty trader who takes out a high interest loan for one day's trade, the commerce is hardly more lucrative than the going rate for agricultural wage labor in nearby rice paddies (3 to 5 gourdes for a day's work). Compared to daily wage labor, this petty commerce has the considerable disadvantage of risk on the borrowed capital plus the very real possibility of a profit margin inferior to a daily wage.

In some cases usurious loans are held for years at a time. A peasant farmer near Chambellan took out a 500 gourde loan about five years ago to pay for schooling. Over five years, this comes to a total of 4500 gourdes on a 500 gourde loan. In the same family a woman does petty commerce. For a two year period, she held a loan of 500 gourdes at 50 gourdes interest per month (120 percent per annum). In Fort-Jacques a man has held a 500 gourde loan at 25 percent interest per month for eight years. At 300 percent each year, this borrower should have paid 12,000 gourdes in interest. The case is presently in the courts for default on the loan, and the farmer has lost land for debt service. There are many cases of high interest loans held for lengthy time periods. In some cases, non-payment of interest leads to interest charges on the unpaid interest. In border areas people flee across the Dominican border to escape their debts and imprisonment. For some people these usurious loans constitute a form of debt peonage leading to land loss or a permanent state of indebtedness.

## CHAPTER IV

### FORMAL INSTITUTIONS AND THE SUPPLY OF CREDIT

For the sake of comparison with traditional supplies of credit, it is helpful to briefly examine the institutional forms of credit. This is followed by a summary and discussion of key issues.

#### Bureau de Credit Agricole

The largest rural credit program in Haiti is the BCA which reaches about 15,000 peasant farmers, an estimated 2.5 percent of the rural farm population. Although the agency has five regional offices and many district offices in local communities, the BCA has neither the staff nor the funds to make credit available to more than a small fraction of rural communities. Like other credit programs, the BCA has had problems maintaining a high rate of repayment on its loans. In recent years the management has been improved and rates of repayment are up. Unlike other institutions, the BCA does not focus on supervised credit linked to integrated development programs. This has its disadvantages in terms of economic impact, but it also has the distinct advantage of flexibility in relation to traditional peasant farm requirements. Nevertheless, the BCA cannot begin to meet the potential demand for credit in rural Haiti. This is illustrated by the existence of BCA clients who invest loans in lending money to small farmers unable to receive BCA funds. Some BCA clients note that they borrow from BCA as well as traditional sources in order to meet their credit needs; however, they borrow less from other sources as a result of the BCA loans. There simply are not enough funds available to meet the demand. Furthermore,

traditional sources meet needs not served by the BCA or other formal institutions.

The availability of BCA funds has had its effect on traditional sources of credit and on traditional forms of peasant organization. Farmers near Hinche indicate that since borrowing from the BCA, they no longer borrow funds from other sources. In this case the other sources are primarily loans from friends and relatives, and the purpose of such loans is agricultural production. One farmer indicates that he has never borrowed funds at interest with a view to planting crops. Only after a series of crop failures did he seek credit from the BCA. To do so he first made contact with an organized society which had already received loans from the BCA. He was unable to join this society, so he organized one of his own in the neighborhood, following advice from the veteran society. The time elapsed from being organized as a credit society to receiving the first BCA loan amounted to about a year. The initial loans are being used for traditional forms of agricultural production.

The new society is composed of the members of a traditional work group known as a ramponon. This is a natural peasant grouping in the sense that it is composed of people tied by special relationships and organized around economic activities. In other words, a traditional work group is presently functioning as a BCA credit society.

As a rule, credit societies are formed in response to the community contacts made by BCA agents. For example, a society was organized in the Artibonite about a year after initial contact with local people by a BCA credit agent. Once societies such as this receive funds, other groups tend to spring up in the same area in order to request funds. As a result, many societies form but are unable to get credit due to shortage of BCA funds. In the region of Cap-Haitien there has been a large increase

in new credit societies during the past year, but only a fraction of these groups have received loans. In La Plaine du Nord, 100 new societies formed in the last quarter of 1982, but only about 25 of them are being granted loans. In Hinche, a society was organized for 15 months before gaining access to BCA credit. In short, BCA credit is in short supply compared to the demand from organized credit societies. In contrast to loans on short notice from moneylenders, the BCA loans are anticipated for months or years in advance.

#### Other Institutional Lenders

IDAI (Institut de Developpement Agricole et Industriel). IDAI was organized in 1961 following a preceding agency in existence since 1951. IDAI has long been a channel for development funds from the Interamerican Development Bank. It is oriented primarily to medium and larger sized firms engaged in capital intensive production. IDAI has no program of unsupervised loans to small farmers; however, about 30 percent of its funds are invested in supervised credit programs for peasant farmers, primarily on irrigated land. The majority of these farmers are engaged in rice production as a heavily capitalized cash crop. Nearly half of the small farmers receiving IDAI credit are under jurisdiction of the Gonaives regional office.

IDAI small farmer credit is oriented strongly to commercial agriculture. A significant portion of the IDAI small farmer program is administered through joint projects with other large institutions. In the Artibonite Valley, IDAI handles the credit program and ODVA provides technical support. IDAI also collaborates with FACOLEF, a canning plant in the plains of Cavailon. About 12,000 small farmers presently benefit from the IDAI credit program. This is an estimated 2 percent of Haitian peasant families.

Agro-Industrial Companies. A number of large firms incorporate credit to small farmers as a means of assuring primary goods for processing.

1) Sugar mill: The Welsch Sugar Mill near Cap-Haitien has used heavy equipment to plow peasant land for cane production. This was done on credit, with payment due in the cane harvest.

2) FACOLEF cannery (Cavaillon): FACOLEF uses IDAI credit to raise tomatoes on 300 peasant farms in the plains of Cavaillon. An average of 3,500 gourdes per carreau are invested each season on 280 carreaux of land. Payment is made at harvest when the tomatoes are sold at a fixed price per ton.

3) CONASA cannery (Cap-Haitien): This cannery buys fruit such as mangos, guavas and sour sop. It does not engage in credit programs for agricultural production; however, it advances funds to local fruit buyers. In most cases, the producers of the fruit are peasant farmers using traditional methods of production. The system of supply is similar to that of coffee exporters. In other words, credit is advanced as a means of assuring the supply of fruit. The company does not charge interest on credit advanced to buyers. The buyers are not plant employees. They work on commission, but they are also in a position to advance funds at interest to peasant suppliers, e.g., buying harvests in advance, or making loans against future payments in kind. In 1982, CONASA advanced 160,000 dollars for the purchase of fruit, primarily mangos.

4) Comme Il Faut tobacco company: The national tobacco company has a program of supervised credit in order to assure an adequate supply of local tobacco for manufacture of cigarettes and cigars. The company advances capital inputs and funds into peasant farms and large plantations in Cayes, Leogane, Mirebalais, Cap-Haitien and Fort-Liberte. The company reportedly invests as much as 3,000 gourdes per carreau in the form of credit.

Regional development agencies.

- 1) ODN (Organization pour le Developpement du Nord): The credit program of this government agency has been turned over to the SCA during the present fiscal year. Between October 1978 and September 1982, ODN made 2,335 loans totaling 1,503,274 gourdes. These were supervised loans to individual farmers participating in campaigns devoted to particular crops such as corn, beans, manioc, peanuts, plantains and rice. Some loans were extended for chicken production, farm tools, and grinding mills for rice, manioc, corn and sugar cane. Initiative for this credit program came from JDN technicians. About four or five months elapsed between contact with farmers and extension of credit.
- 2) ODPG (Organisme pour le Developpement de la Plaine de Gonaives): ODPG administers short term credit as a feature of its work with 2,000 peasant farmers living within the irrigation project area. This credit is free of interest charges. It often takes the form of capital inputs rather than cash. Cooperating farmers average one-half hectare of irrigated land. Production is geared primarily to beans and corn. The loans are repaid in three to five months during the harvest. Loans are oriented to individuals rather than groups. They are limited to farmers with irrigated land. The demand for ODPG credit is limited by the amount of land under irrigation.
- 3) ODVA (Organisme pour le Developpement de la Vallee de l'Artibonite): This government agency provides technical services to a supervised credit program for rice farmers. See IDAI above.
- 4) Fonds Agricole (HACHO): This German program is a component of HACHJ, an agency serving the northwest region. During the past year Fonds Agricole lent 170,000 gourdes to 720 planters in irrigated zones under development by the agency. This is a closely supervised credit program to individual farmers with irrigated land. Interest is charged at the rate

of 10 percent per year. Repayment is not expected for two months after the harvest in order to give planters the benefit of price speculation on the market. The demand for this credit is a function of the amount of land under irrigation.

Small private agencies. There are a number of smaller credit programs linked to religious organizations or small development agencies.

1) Credit unions: The Oblate Fathers took initiative to establish cooperative credit unions in the 1940s. Such cooperatives, or caisses populaires, continue to operate at the present time as a secular movement under the overall coordination of the Conseil National de Cooperation (CNC). Representatives of the CNC are unable to determine numbers of loans made or funds dispersed through its member cooperatives. They estimate that certainly no more than 1,250,000 gourdes would be available for loans through the caisses populaires. Many cooperatives in Haiti make funds available for burial expenses. In Bahon a small cooperative (38 members) makes loans at 2 percent per month (24 percent per annum). Most such loans do not exceed 100 gourdes, and they are generally for agriculture or commerce. Single shares in the cooperative are 5 gourdes, and 75 percent of the share funds are made available for loans. Near Hinche the COSMICA cooperative is a federation of 250 small groups of peasant farmers. Loans to these groups are made at 6 percent interest per year. In the past year a total of 150,000 gourdes were loaned to 66 small groups. Due to a shortage of funds, no new groups will receive funds in the current year despite a strong demand for such loans. Most of these loans are invested in traditional forms of peasant agriculture on the Central Plateau.

2) IDEA: This is a program of the Holy Cross Fathers in Cap-Haitien. It is oriented to adult education and community development. IDEA administers a revolving fund of 80,000 dollars as credit for small groups

of farmers in 40 northern communities. The small groups generally invest in stocks of grain in order to benefit from seasonal price fluctuations and avoid paying high prices for seed grain.

3) Haitian-American Development Foundation (HADDF): This foundation makes loan funds available to small business. Up to now it has not directed agricultural credit to small farmers. It may expand its portfolio to include agro-business ventures in rural areas, especially in the region of Petit-Goave.

## CHAPTER V

### CONCLUSION

#### Formal and Informal Credit

Between 1950 and the mid-1970s, formal sources of institutional credit reached less than one percent of Haiti's peasant farmers (Lundahl 1979). Repayment rates in formal credit programs have generally been under 60 percent, and administrative costs have always been high. Accurate figures on rural credit are difficult if not impossible to get, even from institutional sources. At the present time it may reasonably be estimated that not more than 6 percent of Haiti's 650,000 peasant farm families have access to credit from formal institutions, i.e., the BCA, IDAI, regional development agencies, agro-industrial companies, credit unions and private development agencies. In most cases, interest rates vary between 6 and 12 percent. The BCA charges 12 percent interest plus a 2 percent service charge.

Peasants are essentially cut out of the credit markets from commercial banks. The few well-to-do peasants with bank accounts are generally unable to borrow funds from banks. Even wealthy merchants find it easier to borrow funds from usurers or fellow merchants rather than banks. If a borrower needs to find an acceptable co-signer for a bank loan, this may result in additional costs to him above and beyond the interest charges and formalities required by the bank.

Credit available to peasants from the formal lending institutions is highly specialized. Except for the BCA and a few small programs, formal credit is a supervised form of credit closely integrated into a development project or commercial enterprise. Initiative for such credit

comes from the agency rather than the farmer. Access on the part of small farmers is a question of location within the targeted project area. Loans are made to individuals rather than groups. The loans are short term. Their duration is tied to the next harvest. A considerable share of this credit is linked to irrigation agriculture under government supervision. The demand for credit is a function of factory requirements for primary produce, or it is simply a function of the amount of land brought under irrigation by the agency. Demand is limited by the terms of the project. Capital intensive agriculture is only a very limited sector of overall peasant production. In some projects the amount budgeted for small farmer credit far exceeds the amount actually distributed. In short, the supply of this specialized credit presently exceeds demand.

In comparison to formal institutions, informal sources of credit are more readily available, but supplies are still inadequate for two basic reasons: 1) Informal credit is not always available when needed. 2) When credit is available, the client may find the conditions unattainable or highly abusive. Some of these conditions threaten land loss or debt peonage.

Borrowing money is fundamentally a question of moun pa-ism, special relationships. It is not at all clear that anyone who wishes to borrow money can find a lender. Lending sources are based fundamentally on personal ties. Impersonal sources such as licensed moneylenders are more common in urban areas. Among small farmers, access to credit of any kind, even usurious credit, cannot be taken for granted. Farmers with land or other guarantees stand a better chance of borrowing funds, but not all peasant farmers can demonstrate clear title. Furthermore, supplies of credit from the few sources normally available are quickly exhausted, i.e., neighbors, relatives and patron-client relations

Given the choice of different sources of credit, both formal and informal, where are small farmers most likely to borrow money? The following lists are organized in order of small farmer access to various forms of credit. In each column the first line represents the most accessible and the bottom line the least accessible forms of credit.

Table 3. Small Farmer Access to Various Forms of Credit

<u>I</u> <u>Institutions</u>	<u>II</u> <u>Special Credit Maneuvers</u>	<u>III</u> <u>Moneylenders</u>
BCA	Capital substitution	Friends
IDAI	Advance sale of production	Patrons
ODVA (IDAI)	Commercial credit	Speculators
ODN	Subsidized land sale & rent	Notaries
COMME IL FAUT	Rotating credit groups	Usurers
CNC		Pawnbrokers
FACOLEF (IDAI)		
ODPG		
FONDS AGRICOLE		
IDEA		

The institutions in list I are listed in order of relative amounts of credit given to small farmers. Overall, special credit maneuvers and moneylenders are far more accessible to peasant farmers than formal institutions. In list II, maneuvers associated with land should be in first place in terms of the amount of credit; however, land is not the first source tapped when a farmer or market woman seeks to borrow funds. Rotating credit groups or cengles are at the bottom of the list since the vast majority of peasant farmers are not members of such groups. For those who are members, the cengles may very well be the primary source of credit. In list III, pawnbrokers appear last since they are not present throughout rural areas. Pawnshops are primarily a phenomenon of towns and cities, but there are many towns without pawnshops. Furthermore, a sizable percentage of peasant farmers do not own objects of sufficient value to pawn.

Most cases of informal credit cited in this report have been elicited in interviews with non-BCA clients. Very few of these informants had ever heard of the BCA. Other conversations with BCA clients suggest that BCA loans do provide an alternative to usurious loans; however, there are many circumstances where BCA loans cannot serve as an alternative because usurious lenders provide services unavailable from the BCA. Sudden cash requirements when there is a death in the family cannot be supplied by the BCA on short notice. The agency's timing is more deliberate in terms of formalities, planning in advance and lending to groups rather than individuals.

In general, formal institutions do not take into account the full range of credit needs in peasant households. Formal credit, including the BCA, is oriented primarily to middle and upper peasant classes. The formal institutions do not serve high risk clients. Institutional credit is not readily available for such use as debt consolidation, consumption or commerce. Formal credit is oriented to short term agricultural production, but it is not oriented to other short term and short notice requirements of peasant households. The delays and formalities of bureaucratic procedure have the effect of bypassing most small farmers.

Unlike formal institutions, traditional lenders serve high risk clients. One of the reasons they are able to do this is the personal tie and daily contact which often prevails between lender and borrower. This serves as a type of social and moral guarantee instead of more concrete forms of collateral. Another reason is the high interest charged in high risk loans. In some cases the interest may be somewhat lower than it appears to be if the advantage of local access is taken into account. Formal lending sources may be more costly than they appear to be if travel costs are included. Traditional sources of credit also bypass most of the formalities associated

with institutions. There may be little or no delay in response to a request for a loan. Traditional credit is also more flexible in terms of loan use. Loans for consumption are considered a viable risk. Moneylenders seek to have funds available in the fall of the year to cover loan requests for school expenses. Speculators are able to respond in a matter of minutes or hours when there is a death in the family. Some traditional lenders are willing to make loan arrangements where the element of risk is shared, especially where the loan is used for commercial or agricultural investment. Some loans at interest are renegotiated in favor of the client if the client has made interest payments, or if the client can pay the principal but is unable to complete back payments on interest. In general, where friendly loans are available, there are more options for fulfilling client obligations than in the case of licensed usurers or formal institutions.

Some traditional sources of credit have the marked disadvantage of conditions which are highly abusive, effectively reducing clients to a state of debt peonage or loss of land. This is a fundamental blow to peasant household production. High interest rates effectively siphon off investment from commerce or agriculture. In effect, inadequate supplies of credit limit peasant production and curtail alternatives to peasant farming. Investment in production is further curtailed when high interest loans go for consumption purposes.

In sum, it is important to distinguish between friendly loans of various types, with or without interest charges, and more desperate loans at exorbitant rates of interest. Interest rates vary immensely according to the circumstances and the relationship between borrower and lender. A loan at 5 percent interest per month (60 percent per annum) is considered a favor, and loans from 10 to 25 percent are normal (annual rates of 120 to 300 percent). Small short term loans have interest costs

varying from 10 percent per day to 50 or 100 percent per week, i.e., annual interest rates of 2,600 to 5,200 percent. It cannot be assumed that usurers are outsiders in contrast to friendly lenders. Most people who lend money in rural Haiti are not licensed by the state. They are peasant merchants and farmers who make occasional loans to fellow peasants. It cannot be assumed that peasants have strong loyalties based on occupation, class or rural origins. Rather, loyalties are based on special ties such as kinship, pratik and patron-client relations with mutual interest. The most desperate situations are those where land is alienated from peasant farms for debt service, or circumstances where high interest is paid weekly or monthly over a period of months or years.

#### Conclusions

1. Haitian peasant economy is characterized by acute capital scarcity. A very high value is placed on access to credit. Credit is a close substitute for access to cash. Peasant loans often involve small sums of money for short term use at high rates of interest. High interest rates are an obstacle to borrowing for production purposes. The low levels of production are in part a function of capital shortages. In general, peasant farmers have a high demand for credit in relation to their income. Their low incomes help maintain interest rates at high levels. The high taxes on land purchase have the effect of promoting high interest rates for short term loans rather than fostering the use of land as collateral on longer term loans. In addition, many peasant farmers cannot readily demonstrate clear title to the land which they own. Finally, the prevalence of loans for consumption undercuts investment in agriculture and commerce.

2. There is a generalized pattern of indebtedness among peasant farmers. Much of this debt involves delayed payments for land and for

the taxes on land purchase. Land is commonly bought and sold among heirs and family members to avoid tax payments. Aside from land, the primary form of indebtedness is linked to consumption, especially burial costs and schooling. There is also considerable debt for petty commerce. Given the seasonal and contingent nature of peasant farming, small farmers have special credit needs during slack periods in the agricultural cycle.

3. Traditional suppliers of credit are serving needs unmet by formal credit institutions such as the BCA and IDAI. Overall, traditional forms of credit are far more accessible to peasant farmers than formal credit institutions. Nevertheless, even traditional suppliers are unable to meet the demand for credit; This is due to supply shortages and unfavorable terms of credit. Certain types of traditional credit are highly abusive. In some cases this serves to impose a form of debt peonage which leaves few alternatives for debtors to escape from a state of perpetual indebtedness. This type of usurious debt also leads to loss of land, imprisonment or migration.

4. In a small percentage of cases, peasant farmers are engaged in capital intensive forms of agriculture with modern farm techniques. This constitutes a highly specialized agricultural sector directly served by formal credit institutions. The majority of small farmers use traditional methods of labor intensive peasant farming. There is good evidence that this majority sector has the capacity to absorb considerable increases in the supply of credit on favorable terms.

5. Given the presence of unmet demand, increased supplies of credit from the BCA would tend to bring down the prevailing cost of credit. Furthermore, the more favorable terms of BCA credit tend to compete, to a certain extent, with traditional sources. Even at the present time, there are BCA clients who extend credit to their own clients in commercial ventures.

BCA funds thus have a multiplier effect on the credit market. One such effect is to expand BCA services, indirectly, to include seed loans and consumption loans to high risk clients not enrolled in the BCA program. The clients of BCA loan recipients are thus able to bypass the usual formalities to receive personal loans on short notice.

6. Given the demand for consumption credit from traditional sources, BCA staff should give further thought to credit policies which respond to peasant cash flow problems linked to death, illness, school expenses and slack season shortages, as well as commercial activities and agricultural production.

7. Given the prevalence of debt, BCA staff should consider credit strategies oriented to debt consolidation and relief from debilitating loans at usurious rates of interest.

8. Given the seasonal and contingent character of peasant agriculture, BCA should make credit available to clients interested in stocking grain to avoid the vicious cycle of selling cheap in the harvest and buying dear during slack times and the major planting seasons.

9. Further thought should be given to the process of organizing agricultural credit societies. The issue of collective action is a very delicate one fraught with problems of group solidarity, potential abuse, distrust and the intervention of outsiders. It is possible for credit groups to form along the lines of traditional small group organizations

indigenous to rural Haiti, e.g., rotating labor groups or rotating credit associations composed of relatives and neighbors with special ties of mutual obligation.

10. BCA staff should further engage the question of savings mobilization. Abusive loans and chronic cash shortages in peasant households cannot be addressed apart from the question of savings.

One angle on this question is the issue of funeral expenses. There is a tradition of burial funds in Haiti. This is usually associated with church groups cooperative credit unions. Traditional peasant practice is to reserve a plot of land to cover such costs. Quite aside from the availability of salable property, there is an immediate need for cash at the point of death in a family. This is a problem of cash flow. In principle, peasant farmers are responsive to the notion of a fund of savings. A credit society which proves itself would be a good candidate for establishing a collective fund to ease temporary cash flow problems, especially funeral expenses. This would be an initial step in which members would seek to build up a fund of personal savings to draw upon. The possibility of immediate access to one's own funds on deposit could provide a liberating alternative to quick loans at high interest. Personal savings and secure deposits are ultimately the only real alternative to usurious lending practices which incorporate risk of land loss and debt peonage.

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APPENDIX A

LAND AS COLLATERAL FOR LOANS

The following text is a receipt showing the conditions of a loan given by a speculator to a peasant farmer in a rural section of Grande Riviere du Nord. The document notes that the title for a half carreau of land was turned over to the moneylender in exchange for a loan of 220 gourdes. The note conceals the fact that the loan was in fact for 200 gourdes and the interest was 20 gourdes, to be paid after five weeks. This computes to a rate of 10 percent interest for five weeks or over 100 percent per annum. The farmer took out this loan to buy a plot of land available to him upon the death of a relative.

Text:

Au cinq janvier je paierai au sieur (name of moneylender), speculateur en denrees dument patente pour le present exercice la somme de deux cent vingt gourdes (monnaies d'Haiti) valeur recue en especes pour les besoins de mon commerce. Je lui donne en garantie la piece de mon habitation mentionnant un demi carreau de terre situe sur l'habitation \_\_\_\_\_ en la Section Rurale de \_\_\_\_\_ jusqu'a ce que la remise lui sera faite a la date sus-dite. En cas contraire il a droit d'agir comme bon lui semble.

En foi de quoi, le present lui est delivre pour servir et valoir ce que de droit.

Grande Riviere du Nord, ce 28 novembre  
Lu et approuve l'écriture ci-dessus:

## APPENDIX B

### A TRADITIONAL ASSOCIATION OF ROTATING CREDIT

The text which follows is a literal transcription of the articles which govern the operation of a cengle in the northern commune of Bahon. This type of rotating credit association is sometimes called sang, sol or komble in Creole. The core members of this Bahon cengle have functioned as an association for the last 10 years. The written articles below date from March 6, 1981, when the cengle was re-organized and took new members. It is unusual for Haitian cengles to have written rules and regulations, so the present document should be of special interest to those who seek to administer rural credit programs in Haiti. Please note that the reference to a cooperative in Article 2 is not a traditional function of cengles. This feature is not presently an active element of the Bahon cengle. Otherwise, this cengle continues to function as described in its articles. Following the articles is a transcription of the receipt used each time a member of the cengle makes his 100 gourde contribution to the fund on a monthly basis. The receipt indicates that each member has borrowed 2,000 gourdes (400 dollars) from the group and repays in 100 gourde monthly installments. This particular cengle has a membership of 20 people.

Text:

Les Articles du Cengle - 6 Mars 1981

1. Le 6 de chaque mois, chaque membre deposera cent cinq gourdes (105 gourdes) au comite cengle qui lui remettra a son tour un recu.
2. Les cent cinq gourdes versees chaque mois doivent retrancher en deux parties. Cent gourdes pour le cengle et cinq gourdes pour un cooperatif qui prendra naissance en Novembre 1982.
3. Le 8 du chaque mois le comite remettra le total soit deux mille gourdes (2.000 gourdes) a un membre selon l'horaire du cengle.
4. La date du remboursement doit etre respectee.
5. Selon l'article cinq, aucun membre ne doit pas demander de recevoir avant l'heure.
6. Apres avoir touche le total le beneficiaire doit laisser un recu au comite cengle.
7. Si un membre veut laisser le groupe, il doit attendre le paiement du dernier membre soit la vingtieme personne du cengle.
8. Si une personne du cengle veut laisser le pays, elle doit deposer ce qu'elle doit avant de partir.

Recu

Je soussigne reconnais avoir emprunte deux mille gourdes (2.000 gourdes) en monnaie haitienne au comite cengle. Valeur que j'engage a rembourser a cent gourdes chaque mois regulierement. En foi de quoi ce present recu est delivre au comite cengle pour servir et valoir ce que de droit.

## APPENDIX C

### A PAWNBROKER'S RECEIPT

Following is the text of a receipt given by a pawnbroker in Cap-Maitien to cover a loan of money against the deposit of an article pawned. The receipt notes the sum of money borrowed and the article pawned. It gives a three month deadline for repayment of the loan. It does not note the amount or rate of interest on the loan; rather, the note simply states the total amount, principal plus interest, required for repayment. This receipt is simply one of several variations. Others take the form of a sales receipt.

Text:

Le porteur du present donne a gage a (broker), demurant (address) l'objet suivant: (object named) contre une valeur de (loan) qu'il reconnait avoir recue cash et qu'il s'engage a restituer dans un delai de trois mois partir de la date des presents. Passe ce delai impart, il est convenue que les dispositions de l'Article 1845, c.c. seront applicable en l'especes.

(receipt number, date and signature)