Hurricane Mitch Kills 11,000, Wrecks Central American Economy

LADB Staff

Follow this and additional works at: https://digitalrepository.unm.edu/noticen

Recommended Citation


This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Hurricane Mitch Kills 11,000, Wrecks Central American Economy

by LADB Staff
Category/Department: Region
Published: 1998-11-12

Tropical Storm Mitch hit Central America in the final days of October and lingered for five days, dumping heavy rains that swept away entire villages or buried them under mudslides. Meteorologists said the storm was the worst to hit Central America in this century and the fourth strongest Atlantic hurricane on record. The storm left in its wake economic damage of such magnitude that the economies as they existed in the worst-hit countries could be said to have vanished.

Despite the hurricane's winds of more than 288 km per hour, the storm's erratic behavior caused most of the colossal property damage and loss of life. Instead of sweeping over its target, Mitch lingered just off the coast of Honduras dumping up to 0.6 meters of rain in one day. The hardest hit were Honduras, Nicaragua, El Salvador, and Guatemala, though some destruction was reported in Costa Rica and Panama. Cuban civil defense officials reported light damage in Havana and Pinar del Rio provinces. J. Brian Atwood, head of the Agency for International Development (AID), in charge of US relief efforts in the region, said Honduras and Nicaragua "have been wiped out."

An Oxfam America official said the destruction was worse than the war-related damage of the 1980s. "After their wars, Nicaragua and El Salvador had a period of peace to develop their local economies, and now all that progress is destroyed," he said. Regionwide, more than 11,000 deaths were reported about 7,000 in Honduras and between 3,000 and 4,000 in Nicaragua. Since 20,000 are reported missing, the death toll will likely go higher. Three million people, or 10% of the region's population, are homeless. Property loss is estimated at US$7.35 billion, equal to 20% of regional GDP for 1997 and four times the economic growth that had been projected for 1998.

Observers described Honduras as a collection of islands, as up to 1.25 meters of rain inundated towns. Large sections of Tegucigalpa were flooded, and authorities reported that more than 100 neighborhoods were destroyed. Though only a few bodies were found in Tegucigalpa, the city coroner said, "A huge number of people are buried. Entire sectors are buried, and the bodies haven't been recovered." Tegucigalpa's Mayor Cesar Castellanos was killed in a helicopter crash while surveying the flood damage.

In western Nicaragua, a lake that had formed in the crater of the Casitas Volcano broke through the cone's wall and sent a river of mud up to 3 km wide down the mountain, burying Posoltega and several other villages. Posoltega's mayor said perhaps 1,000 people had been killed and 2,000 more were missing. Defense Minister Pedro Joaquin Chamorro said the death toll might never be known and suggested sealing off the vast mud plain and declaring it a national cemetery.

©2011 The University of New Mexico, Latin American & Iberian Institute
All rights reserved.
Export crops devastated

Some estimates set crop loss in the most-affected areas at 70% to 100%. Banana crops in Honduras suffered near total destruction. The Tela Railroad and Standard Fruit banana companies reported crop losses valued at US$320 million. Tela vice president Fernando Sanchez said all that remained of the main plantations in Colon department was the soil, and the company would need US$100 million just to repair the damage. Including damage to plants and equipment, the two companies estimated their losses at US$1.2 billion.

Standard Fruit announced it would lay off 10,000 workers in Honduras and suspend operations there. Plantation losses were such that the companies will export nothing more this year and little or nothing in 1999. The loss of Honduras' banana crop alone, which last year brought US$235 million, will cripple the economy. Officials of both companies could not say whether they would replant or abandon Honduras altogether.

Honduran coffee producers reported a 15% crop loss. In Costa Rica, where the coffee harvest was ahead of the rest of Central America, the loss is estimated at 75,000 60-kg bags. By Nov. 2, coffee futures on the Coffee, Sugar, and Cocoa Exchange in New York jumped 7% on speculation that supplies from Central American will drop. Staple-crop losses and destruction of roads and bridges will cut intra-regional trade by an estimated 21%. El Salvador and Guatemala could lose up to 30% of their global trade. Honduran Finance Minister Gabriela Nunez said Honduras needs US$2 billion immediately just to repair infrastructure.

In addition to relief supplies sent from the US-built Soto Cano (Palmerola) air base near the capital, President Bill Clinton promised US$70 million in further relief aid then added another US $10 million as the number of victims mounted. The relief package includes food, transportation, medicines, and logistical support from the Defense Department. Officials of the UN Development Program (UNDP) said Mitch had set the affected areas of Central America back 20 years, and UNDP funds already in the pipeline for development programs in the region will now be used for reconstruction.

To date, multilateral aid includes US$1.5 billion in international funds coordinated by the Inter-American Development Bank (IDB). The IDB also promised US$210 million in credits before the end of December. This amount will include funds already approved for other programs that will now be converted to emergency and reconstruction aid. The World Bank has promised US$200 million. Spanish officials authorized US$13 million in immediate relief funds and called on the European Union (EU) to cut bureaucratic requirements to free up US$145 million already earmarked for Central America.

Presidents Carlos Flores of Honduras, Armando Calderon Sol of El Salvador, Miguel Angel Rodriguez of Costa Rica, Arnoldo Alemán of Nicaragua, and Guatemala’s Foreign Minister Eduardo Stein met briefly at the San Salvador airport Nov. 9 to organize a joint request for aid, soft loans, and debt forgiveness. They also asked the US to suspend deportation of illegal immigrants from the region. During the meeting, Aleman said the storm had destroyed 50 years of development in
his country. Storm brings political fallout President Aleman was sharply criticized when he turned down a Cuban offer to send medical teams to Nicaragua, though he did accept a shipment of Cuban medical supplies.

Aleman said Nicaragua had enough doctors to meet the emergency. Critics have attributed Aleman's decision to his close ties to the anti-Castro forces in Miami and to an attempt to minimize the extent of the storm's damage. The decision left him open to the charge that he favored anti-Castro posturing over humanitarian aid. Frente Sandinista de Liberacion Nacional (FSLN) National Assembly Deputy Monica Baltodano said the government demonstrated "absolute insensitivity" in not taking preventive measures to evacuate people living in danger zones along riverbanks and other high-risk areas.

Deputy Jorge Samper of the Movimiento de Renovacion Sandinista (MRS) said the government "minimized the entire situation from the start." He also criticized Aleman for delaying a declaration of emergency and accused him of mismanaging the distribution of relief supplies. In El Salvador, officials at the Centro Meteorologico Nacional (CMN) accused the Interior Ministry's Comite de Emergencia Nacional (COEN) of ignoring its storm warnings. Meteorologist Danilo Ramirez said the center began sending out storm reports Oct. 25, but the COEN was not interested in keeping in touch with the center and "preferred to get its information from other sources." He said that six days after the government declared a state of emergency the meteorological service had received no assistance, "not even access to the Internet."

Nicaraguan and Honduran officials said their countries would require 30 years to recover. They asked the international financial community to cancel the combined US$10.5 billion foreign debt of the two countries and asked for US$10 billion in new credits for reconstruction. Nicaragua's Central Bank president Noel Ramirez renewed his request that the World Bank designate Nicaragua as one of its Heavily Indebted Poor Countries (HIPC) making it eligible for debt cancellation (see NotiCen, 11/05/98).

Beyond relief aid, governments of the worst-affected countries are likely to face serious social and political problems related to the storm. Refugees from the countryside where crops and houses have been wiped out are likely to flood the cities looking for work. Nicaragua, already saddled with a housing deficit of 542,000 units, lost 90,000 more to the hurricane. Honduran officials estimate they will need to replace 250,000 units. Nicaraguan analysts consulted by the newspaper La Prensa predicted that the combination of rural-to-urban migrations and the lack of a government plan to respond would vastly increase such social problems as urban poverty, unemployment, and public security.

Nicaraguan sociologist Oscar Rene Vargas said government ineptitude in managing the crisis "could lead the people to take matters into their own hands, which could be dangerous. [Sources: The Journal of Commerce, 10/29/98; El Diario de Hoy (El Salvador), 11/05/98; The New York Times, 11/02/98, 11/03/98, 11/05/98; La Prensa (Honduras), El Panama America, The Tico Times (Costa Rica), La Nacion (Costa Rica), Reuters, The Christian Science Monitor (Boston), 11/06/98; Spanish news service EFE, 11/04/98, 11/06/98; Notimex, 10/31/98, 11/03/98, 11/04/98, 11/05/98, 11/06/98, 11/08/98; CNN, 11/09/98; Associated Press, 10/31/98,

-- End --