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QUESTION OF THE VIOLATION OF HUMAN RIGHTS AND FUNDAMENTAL  
FREEDOMS IN ANY PART OF THE WORLD

Written statement submitted by Centre Europe Tiers-Monde, a  
non-governmental organization on the Roster

The Secretary-General has received the following written statement,  
which is circulated in accordance with Economic and Social Council  
resolution 1996/31.

[3 March 1999]

Hurricane Mitch, a natural disaster seriously aggravated by the  
structural adjustment policies and questionable actions of  
Governments and transnational companies

1. Between 25 October and 2 November 1998, Central America suffered a natural disaster in the form of hurricane Mitch, which caused an ensuing economic and social disaster for several countries in the region, namely Nicaragua, Honduras, El Salvador and Guatemala. Apart from tens of thousands of casualties, either killed or injured, hundreds of thousands of people lost what little they owned, such as a roof over their head, some crops and a few animals.

2. While international opinion is more impressed with the natural aspect of the disaster, it is also worth considering the political and economic reasons for the ensuing human disaster. We felt we had to take another look at that "natural" disaster. In fact, many of the players involved bear a clear responsibility for aggravating its consequences. Hurricane Mitch showed up the shortcomings of an economic, social and political system that excludes the majority of the population. For the purposes of this communication, we shall take Nicaragua as an example.

The responsibility of Governments

3. Undoubtedly the extreme poverty of the population was a general factor that favoured the aggravation of the hurricane's consequences. The small farmers in the region, who are the victims of the authorities' exclusion policies, were unable to protect themselves from the devastating effects of the hurricane. In recent years, the Nicaraguan Government's policies have merely aggravated the poverty of deprived social sectors. According to a survey carried out in December 1998 by the International Foundation for Global Development (FIDEG), based in Managua, from 1993 to this bitter year-end, the proportion of the population unable to afford more than half the basic household basket of goods rose from 40.8 to 65.5 per cent in the country's main towns.

4. Furthermore, the attitude of Mr. Arnaldo Alemán's Government to the disaster merely increased the number of victims and the amount of damage in the country. This is because for reasons of domestic and international policy, the Nicaraguan Government played down the importance of the hurricane. It withheld information, while failing to organize relief work or to declare a state of emergency. There were three motives underlying this policy: (a) if the Government had declared a state of emergency, it would have had to recognize that the peasants were not in a condition to repay their debts and it would then have had to provide them with financial support; (b) from the point of view of domestic policy, it was preferable to prevent the distribution of aid by NGOs so as to keep aid benefits within the broad circle of the authorities; (c) there was a fear that foreign investors would be scared away by alarming forecasts. This is why the conduct of the Alemán Government is nothing short of criminal.

The responsibility of international financial institutions

5. It is a well-known fact that international financial institutions attach certain conditions to the loans they grant receiving countries. One of the main conditions is the implementation of Structural Adjustment Programmes (SAP), whose dramatic consequences are familiar, including devaluation, drastic cuts in social expenditure, privatization of public enterprises and public land for the benefit of a small minority, de-indexing of salaries, lowest prices for raw materials, increase of indebtedness, etc. In our opinion, the neo-liberal policies imposed by the international financial institutions (IMF and World Bank) and followed by Central American Governments played a significant role in aggravating the damage caused by hurricane Mitch.

6. Also in Nicaragua, as a result of the introduction of structural adjustment programmes, small farmers were forced either to settle their debts or to leave the land they had gained through agrarian reform. Because of the transfer of land to major landowners, peasants were forced to start farming in flood areas, on the slopes of mountains or volcanos or too close to rivers. No preventive measures were taken by the authorities against the possibility of natural disasters, although they occur frequently in these high-risk areas. The areas were rendered even more dangerous because large-scale agricultural and forestry policies, combined with the effects of war, have led to deforestation on a dramatic scale. Forest and vegetation cover had previously limited the damage caused by natural disasters.

7. A further factor is the vicious circle of indebtedness in which all the countries affected by hurricane Mitch have been trapped. The low revenues they earn end up in the coffers of their creditors, especially those of the IMF and the World Bank. The populations of Central American countries, who are led by Governments acting in collusion with international financial institutions, are unable to keep their heads above water or to plan ahead for the medium and long term. It is no coincidence that the two countries worst affected by the hurricane are those which hold the unfortunate record of the highest external debt in the region, with the exception of Panama.<sup>1</sup>

The additional responsibility of transnational companies

8. The attitude adopted by transnational banana companies, such as Dole (Castle and Cook) and Chiquita (United Brands Company), following hurricane Mitch hardly comes as a surprise. When part of their plantations was destroyed, both companies made many of their plantation workers redundant: 12,000 in Honduras and 3,000 in Guatemala.<sup>2</sup> In so doing, they have seriously threatened the survival of thousands of workers and their families, at a time when the latter have already lost their homes and when social protection is either inappropriate or non-existent. The redundancies have occurred at a time of the year which is particularly difficult for the workers and their families. The sowing season starts only in July, so what are these people supposed to do to survive until the first harvests?

9. Is it fair and acceptable that the employees of these giant companies should have to be the first to suffer the consequences of hurricane Mitch on the banana plantations, considering that very large sales have been reported by both United Brands and Castle and Cook?<sup>3</sup> Furthermore, the multinationals

take advantage of the situation to exert pressure on the trade unions. They go back on collective agreements, placing the unions on the defensive, and apply redundancies in the first place to unionized workers (in Guatemala, Cobsa-Dole made all the members of the UNSITRAGA trade union redundant).<sup>4</sup> Such suspensions, threats and dismissals are a clear violation of economic and social rights.

10. Considering only the question of redundancies and dismissals, however, would be to ignore the general background of transnational food companies' general attitude to the economic and social rights of the populations of southern countries. It might be suggested that these large-scale dismissals are part of a well-defined strategy, which consists in externalizing social costs at the expense of the most basic human rights, and internalizing profits, which are transferred back to the multinationals' home countries.

11. Insofar as they are major international economic players, transnational companies have an obligation to respect economic, social and cultural rights. The Tripartite Declaration of Principles on multinational enterprises and social policy adopted by the Governing Board of the International Labour Organization in 1977 is very clear in this respect, and stipulates in particular that "All the parties concerned by this Declaration (...) should respect the Universal Declaration of Human Rights and the corresponding international Covenants (...) as well as the Constitution of the International Labour Organization." <sup>5</sup>

#### The role of the United States

12. A further point is the influence exerted by the policy of successive United States Governments, which have played a disastrous role in Central America. They have maintained political and social instability in the region by preventing any kind of reform, especially agrarian, by overthrowing democratic or popular Governments, and by backing armed movements. From this point of view, the arrival of 1,700 American marines in Nicaragua in December 1998 to "rebuild" the country seems to have been pure provocation, if one considers the relations between the two countries over the last decades. It may be wondered whether this deployment of troops is not part of a strategy for militarizing the region. <sup>6</sup>

#### Reconstruction and international aid

13. Right now, the most urgent problems are ensuring the democratic distribution of international aid and making the best use of it. However, the indications given amongst others by the Alemán Government are not reassuring. The Government estimates that two thirds of external aid should be assigned to "modernizing the highway and energy infrastructure of the country".<sup>7</sup> One of the projects for which Mr. Alemán is seeking funding is the enlargement of the road to Masaya, one of the main highways of Managua, which was not affected by the hurricane. The type of reconstruction proposed by the Alemán Government in Nicaragua, portrayed as "export-oriented" and "urban", tends to further strengthen major agricultural producers and the already growing construction sector.

14. This sort of attitude has been raising serious doubts among non-governmental and peasant organizations representing the population sectors most affected by the hurricane, which are now in extreme poverty. They are countering with an aid and reconstruction plan aimed at assisting populations in need. The proposal drafted by "Civil Coordination for Emergency and Reconstruction", to which 320 NGOs, networks, groups and national associations are affiliated, wants priority to be given to rural development, with an emphasis on the role of small and medium-sized producers, and stresses the need to find a model of ecologically and humanly viable, sustainable development.

15. The attitude of the northern countries and the IMF to aid is a matter of concern, insofar as they want emergency aid tied to the implementation of Structural Adjustment Programmes by receiving countries. The IMF member countries will be meeting to discuss the matter in Stockholm in May 1999. Such conditions, however, are unacceptable and will only further impoverish the countries of Central America.

16. With regard to reconstruction and the allocation of aid, CETIM makes the following recommendations:

(a) All serious reconstruction projects must make allowance for the real, democratic participation of all the social sectors affected. The representatives of civil society, NGOs, municipalities, and rural and urban communities must be associated with aid distribution. Transparency must be ensured in the allocation of funds;

(b) The hurricane Mitch disaster should provide an opportunity for an in-depth review by the international community of SAPs, the reconsideration of which should be finally placed on the agenda. Experience has shown that imposed adjustments lead to the enrichment of a few at the expense of the rest of the population;

(c) The bilateral and multilateral external debts of the countries affected by the hurricane should be immediately and totally cancelled, while it should be ensured that the gains obtained by this political decision and the funds released will in the first place benefit the deprived sectors of the population. The Commission on Human Rights should make appropriate recommendations to this effect to IMF member countries;

(d) The internal debt of the sectors affected by hurricane Mitch should also be cancelled by Governments. This measure would concern 200,000 small farmers in Nicaragua, who are the driving force behind economic reconstruction;

(e) Transnational companies must comply with the provisions of the two Covenants and international human rights conventions.

Note: On economic and social aspects of the effects of hurricane Mitch, see bulletin No. 50 of the *Correos de Centroamérica (Information and reflection bulletin on Central America, the Caribbean and Mexico)* and the series of articles on the subject in the daily *Le Courrier*, Geneva (starting 28 January 1999).

Notes

1.Honduras and Nicaragua paid out US\$ 400 million and 360 million respectively this year for debt servicing. In comparison, it costs US\$ 30 million to renovate the hospital system in Honduras.

2.According to information provided by the International Labour Union of the Food, Agriculture, Hotel Trade, Tobacco and Related Sectors Industries (UITA), January 1999.

3.Chiquita, for instance, a subsidiary of United Brands, reported sales of 2.4 billion in 1997 (Source: Hoovers online, *The ultimate source for company information*, Austin, Texas, 1999, [www.hoovers.com](http://www.hoovers.com)). United Brands operates in 15 other countries as well.

4.See endnote 2.

5.Tripartite Declaration: E/C.10/31, para. 8.

6.As everyone knows, on the pretext of combating drug trafficking, the United States maintain substantial forces in most Latin American countries.

7.According to an article published in December 1998 in the review of the Central American University of Managua, Envio.

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