



Fury of nature: The barriers to Haiti's development due to disasters

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Introduction to Haiti

Haiti, officially the Republic of Haiti, is a nation situated in the Caribbean Sea and the North Atlantic Ocean. As an emerging economy, Haiti heavily relies on textile and agricultural exports, with the United States, which accounts for approximately 80% of all its exports in 2023. The primary sector employs around 45.57% of the workforce, which includes agriculture, sugar refining, flour milling, and cement manufacturing. In March 2023, Haiti's exports reached \$90.79M, showing a modest increase of about \$2M compared to February 2022.



Source: <https://www.unocha.org/fr/story/haiti-hundreds-thousands-people-affected-hurricane-sandy>

The toll of Natural Disasters

Haiti's journey towards economic development is most significantly hindered by natural disasters, events of nature causing severe damage, overwhelming local resources, and potential loss of life. While such disasters cannot be entirely avoided, their impact on the environment can be controlled

to some extent. Due to their devastating effects on local resources, these disasters often have significant repercussions on the economy.

Earthquakes and beyond

Haiti's vulnerability to earthquakes is particularly due to its location on a fault line between massive tectonic plates. Over time, Haiti has also faced tropical cyclones, hurricanes, floods, etc., all of which have had major impacts on the country's economy. Two of its noteworthy examples are as follows:

The 2010 January Earthquake: On January 12, 2010, a magnitude 7.0 earthquake struck Port-au-Prince, the capital city. This disaster resulted in the death of over 220,000 people and rendered many more homeless. Moreover, the earthquake triggered other landslides and liquefaction. Haiti was unprepared for such a disaster and inadequate infrastructure amplified the destruction.

The 2023 June Flood: On June 3rd, 2023, Haiti was struck by an exceptionally heavy rainstorm that unleashed flash floods, rockslides and landslides. This caused over 13,300 people to be displaced, loss of life for at least 42 individuals and 11 declared missing.



Source: <https://news.sky.com/story/haiti-earthquake-towns-destroyed-and-hospitals-overwhelmed-with-hundreds-killed-and-thousands-injured-12382018>

The Economic Impact of Disasters

The economic consequences of natural disasters in Haiti are far-reaching, affecting various aspects of the nation's economic landscape.

Fiscal policy: After disasters, the government allocates significant funds to address the immediate aftermath, which include rebuilding infrastructure or treating the injured and displaced people. For instance, the spending in response to the 2010 earthquake was estimated to be of around \$2B, leaving limited resources to spend on other critical sectors such as education and training, healthcare systems, subsidies etc that are vital for improving living conditions and long-term development in the country.

Inflation: Since disasters like this impact the local resources of the economy, there is more strain on existing resources, resulting in inflationary pressure. In the aftermath of the 2012 earthquake, Haiti experienced a 4.7% rate of inflation, with food price inflation soaring by 5%. As a result of heavy rains and floods in 2023, the inflation rate was further pushed to 46.40%, bordering on hyperinflation in the first quarter.

Unemployment: Natural disasters devastate the quality and fertility of land, and infrastructure. As Haiti's primary sector majorly relies on agricultural produce (45.57%), there is a severe impact on the employment of people, increasing poverty in the economy. For example, the floods in June 2023 increased unemployment and more people looking for alternatives from the agricultural sector.

Balance of trade deficit: Following disasters like the earthquake, Haiti faces resource shortages, forcing people to import necessities from other countries. In 2010, there was a surge in trade deficit as the percentage increase in imports exceeded that of exports by around 30% causing a drop in trade position from \$-1.77B (2009) to \$-3.27B (2010).

Economic growth: To summarize, these factors are essential for the economic growth of any nation. Unemployment, worsened trade positions, shortages of resources, and other challenges can significantly impact a country's potential and actual economic growth.

Conclusion

Over the years, Haiti has prioritized spending most of its tax revenue on infrastructure and disaster relief in the short run. However, in the long run, this approach creates a significant opportunity cost, leaving limited resources for other crucial government objectives that could help Haiti's development.

source: <https://www.istockphoto.com/photos/japan-skyline>



In contrast, countries like Japan, despite being vulnerable to earthquakes, have achieved high levels of development through advancements in architecture. They employ diagonal dampers, steel beams, and columns instead of concrete columns to enhance earthquake resilience.

Haiti must focus on improving the construction of more sustainable buildings and houses that meet earthquake standards while investing in education schemes. Addressing these sectors will lead to

better infrastructure, a skilled workforce, increased exports, and an improved standard of living, fostering overall economic growth.

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