

# Hurricane Hugo: lesson in physical economy

by John Hoefle

Hurricane Hugo, which slammed into the South Carolina coast Sept. 21, left a trail of human and economic devastation in its wake, having already cut a swath of destruction through the U.S. Virgin Islands

The hurricane came ashore right in the middle of South Carolina's prime tourist and forestry regions, the state's second and third largest industries, respectively, doing significant damage to both. Tucker Eskew, a spokesman for the governor's office, said that preliminary damage estimates were in the \$5-6 billion range, with damage reports continuing to flow in.

The storm put some 6.7 billion board-feet of timber on the agenda for Georgia Pacific in Russellville, South Carolina. Since the state's lumber industry processes only 2.2 billion board-feet of timber per year, that means that a three-year supply of timber is on the ground. The South Carolina timber industry will be able to process only 1-2 billion board-feet of that commission had placed the \$1.1 billion.

In more of the trees have been destroyed. The Francis Marion National Forest and adjoining private forests, on the coast just north of Charleston, were right in the path of the storm. Castle estimated that it would take 40 years for those forests to recover. Some of the less-damaged timber areas might recover in 10 years, he said. Statewide, some 1 million acres of timberland were damaged, putting the future of the industry there in doubt.

Rhett Bickley, a spokesman for the South Carolina Forestry Commission in Columbia, said the governor's salvage council was trying to get surrounding states to process some of the felled timber, so that as little as possible would go to waste. The forestry products industry has an economic impact of over \$3 billion per year in the state, he said, and employs some 40,000 workers.

In forests were virtually destroyed, Bickley said.

## Electrical grid

The state's electrical power grid also took a beating. Al Ballard, a spokesman for the Electric Co-op of South

Carolina, which represents 20 power co-ops across the state, said all of them suffered some damage and outages during Hurricane Hugo. Statewide, there are still problems, with up to 40% outages in some systems as of Oct. 12, when Ballard thought it would take another week to restore the entire power grid statewide.

Ballard said that the hurricane seriously damaged about half the state, both from Hugo itself and from the 100 or so tornadoes it spawned. "We lost about half of our forests," he said, "and many of those uprooted trees are now blocking our rights-of-way. You could go for miles and miles without seeing a standing power pole—they were all blown away. It just flattened things. We thought we knew about hurricanes, but we weren't ready for this.

"Some 3,000 power workers have come in from surrounding states with which we have mutual aid agreements," Ballard continued. "We will have to reimburse their employers for their time and equipment. We have also lost a large number of customers. Some meters will never be hooked up again, because the homes and buildings are gone—they're just not there any more. Some of these re-open. The unemployment rate in the state will be unbelievable."

Tom Collier, of Santee Electric in Kingstree, said Hugo knocked out almost all of Santee's transmission system. "We had 4,500 miles of lines before the storm," he said, "but the longest segment left after the storm was half a mile. We lost 3,000 poles and 1,000 transformers. It restore transmission to our substations, and three weeks to get the entire grid operational. We now have only isolated outages, in places where homeowners and businesses have to repair their electrical systems before we can reconnect them. The system is patched back together, but it will take a couple of years to restore it to the way it was before the storm." Collier estimated it will cost Santee \$15 million to repair the damage.

One of the striking things about the aftermath of Hurricane Hugo is the difficulty encountered by relief agencies in restoring basic services to the affected areas. FEMA, the Federal Emergency Management Agency, is responsible for coordinating all emergency federal aid in such situations. FEMA was seriously criticized for the inadequacy of its response. One critic was Sen. Ernest Hollings, the South Carolina Democrat, who called FEMA "as sorry a bunch of bureaucratic jackasses as I've tell them people need generators, and they tell me, 'We have any generators—fill out a form.'"

The real problem, no doubt compounded by FEMA's bureaucratic shortcomings, is that the physical economy of the country has collapsed to such a point, that we no longer have the ready surplus to cover such natural disasters. We can no longer respond with the same speed as before, because we lack the goods and the means to ship them, without disrupting other vital segments of the economy.