PUBLIC SPENDING HELPS DEFINE US AND OUR FUTURE: THE STORY OF HURRICANE KATRINA

There is strong evidence that spending on preparation for natural disasters decreases future damage considerably. Yet, governments have an incentive to under-fund preparations: voters are unable or unwilling to hold their public leaders accountable for efficient and effective disaster relief. Voters reward spending public funds on disaster relief, but not spending on disaster prevention. Voters also reward relief spending whether it actually is related to the damage inflicted by the natural disaster, or not (Healy and Malhotra, 2008).

Dr. Walter Maestri, emergency management chief and homeland security coordinator, managed the budgets for both functions in Jefferson Parish, Louisiana. In 2004, well before Hurricane Katrina hit the Gulf Coast, he said, “It appears that the money has been moved in the president's budget to handle homeland security and the war in Iraq, and I suppose that's the price we pay. Nobody locally is happy that the levees can't be finished, and we are doing everything we can to make the case that this is a security issue for us” (quoted in Dowd, 2005).

Hurricane Katrina (see figure 1) made landfall on Gulf Coast on August 29, 2005 and damaged an area twice the size of Great Britain. It blew in what has been called “the single biggest administrative failure in American history” (Kettl, 2008, p. 15). The Superdome, with 35,000 evacuees, became the symbol of the slow response and relief effort in New Orleans, where the storm surge and floodwaters breached levees and caused billions of dollars in property damage and more than 1,300 deaths (see figure 2).
“Warm ocean waters fuel hurricanes, and there was plenty of warm water for Katrina to build up strength once she crossed over Florida and moved into the Gulf of Mexico. This image depicts a 3-day average of actual sea surface temperatures (SSTs) for the Caribbean Sea and the Atlantic Ocean, from August 25-27, 2005. Every area in yellow, orange or red represents 82 degrees Fahrenheit or above. A hurricane needs SSTs at 82 degrees or warmer to strengthen. The data came from the Advanced Microwave Scanning Radiometer (AMSR-E) instrument on NASA's Aqua satellite.”

Source: U.S. National Aeronautics and Space Administration, 2005,

Figure 2. New Orleans after Hurricane Katrina, 2005

Millions of people were displaced and many received federal assistance from Social Security, Supplemental Security Income, food stamp, unemployment insurance, and Temporary Assistance for Needy Families programs. The Federal Emergency Management Agency (FEMA) program providing housing and property assistance and for immediate, emergency needs made
2.6 million payments totaling over $6 billion over the next eighteen months. Federal resources were made available primarily through supplemental appropriations ($60 billion to FEMA within two weeks after Katrina hit), mandatory spending for flood insurance, and tax relief and preferences.

“Hurricane Katrina was the most destructive natural disaster in U.S. history” (White House, 2006, p. 5). Its almost $100 billion in property damage far outstrips the less than $20 billion from the terrorist attack of September 11, 2001 (p. 75). Hurricanes Katrina and Rita slowed real economic growth; at least 570,000 people lost their jobs at least temporarily and total employment declined by one-quarter million jobs in Louisiana and Mississippi.

After the destructive hurricane, Maestri said “pay me now or pay me later. You're going to pay now; the estimates are more than $160 billion to rebuild this community. If you had pre-positioned all of the resources that needed to be here, if you had raised the levees or begun that process or looked at some of these other out-of-the-box ideas, it wouldn't have cost $160 billion, and we wouldn't have lost as much as we have” (Maestri, 2005).

Here is the good news/bad news story. In 2007, in his first State-of-the City Address since “pre-Katrina,” the mayor of New Orleans pointed out that “with the virtual destruction of our economy,” about one-half of the city’s work force was eliminated, worsening the unemployment problem and the workload for remaining city employees but streamlining city government. Moody’s Investor Service returned the city’s bond status from “junk” to “stable,” and sales tax collections climbed back to about 90 percent of where they were before Katrina struck (Nagin, 2007). Population estimates range from 54 to 62 percent of the population before Hurricane Katrina.
In the first year after Katrina, FEMA paid nearly $6.3 billion to about 1.7 million households for their housing and other needs. This is the most FEMA had ever spent for any single natural disaster. FEMA also spent another $7 billion to clear debris and rebuild roads, schools, and other public facilities. Instances of fraud involve local individuals, nonprofit agencies, national corporations, and government agencies, including FEMA. By the disaster’s second anniversary, the federal government had provided more than $114 billion, plus another $13 billion in tax relief, to the Gulf Coast. Still, one assessment of federal efforts argues, “Ignoring the continuing post-Katrina problems threatens to erode the trust the American people have in our government to provide essential public services when they are needed most” (Jurkiewicz and O’Keefe, 2009, p. na).

References


Further Resources

1. Radio and print resources from Integrative Center for Homeland Security, Texas A&M University:

   http://homelandsecurity.tamu.edu/search?SearchableText=Hurricane+Katrina

2. Videos on Hurricane Katrina:
   a. PBS, 2005. “The Storm.” PBS,
      http://www.pbs.org/wgbh/pages/frontline/storm/view,
      http://www.youtube.com/watch?v=8TRWI4CFkU0,
      http://www.youtube.com/watch?v=y3x6RqGeCZw&feature=related.
   c. Katrina aftermath:
      http://video.on.nytimes.com/?fr_story=723bdef5b5266078ae7569f3ed8ebaf56449
      570c,
      http://topics.nytimes.com/top/reference/timestopics/subjects/h/hurricane
      _katrina/index.html.

3. Katrina Reading Room:

4. Compendium of resources, Natural Hazards Center, University of Colorado at Boulder, as of 2006: