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Empowering Local Response in the Wake of Disaster*

Emily Chamlee-Wright
Professor of Economics, Beloit College
Affiliated Senior Scholar, The Mercatus Center

I'd like to thank Congressman Kennedy and Senator Landrieu for inviting me to come speak with you today and share some of what my colleagues at the Mercatus Center and I have learned in our ongoing project investigating the political, social, and economic factors influencing the post-Katrina recovery process. We are now well into the second year of a five year study, and while we believe that there is much more to be learned, the early experiences of people who have returned to the affected regions of the Gulf Coast point the way toward some clear and important principles for how we might improve disaster-related policy. I will discuss some of these principles toward the end of my remarks.

As the nation marked the second anniversary of Hurricane Katrina last month, the assessments of progress were grim, to say the least. And given that most of these judgments are based on what we might call a "helicopter perspective," in which recovery is assessed at the city, county, or parish level, the discouraging and pessimistic tone of these reports is understandable. But the Mercatus Center's project on Crisis and Response in the Wake of Hurricane Katrina has focused not only on aggregate recovery rates across entire political jurisdictions, but on the unfolding recovery process at the neighborhood level as well. Viewed from this perspective, we get a very different picture of what success looks like in the post-Katrina environment.

In New Orleans East, for example, Father Vien Nguyen of the Mary Queen of Vietnam Catholic Church held Mass on October 9th, just five weeks following the storm, for the three hundred residents who had returned home. By October 23rd more than 2,000 parishioners—a third of the pre-Katrina population—were in attendance. Not all had returned permanently, but their presence was a bell weather of what would come. By the second anniversary of the storm, nearly 90% of the residents in the community surrounding the church and 70 of the 75 Vietnamese-owned businesses had returned. This is an astonishing record of success when compared to New Orleans as a whole, which has seen only 45% of its population return.

Amid the devastation in St. Bernard Parish, local school administrators such as Doris Voitier, Superintendent of the St. Bernard School District managed to have a school back up and running within ten weeks of the storm. To be sure, the overall devastation still poses a tremendous challenge to residents and business owners, but dozens of businesses along the main commercial corridor have either reopened or new businesses have started up. This fall,

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the St. Bernard school district welcomed 3,500 students back; a remarkable accomplishment given the fact that less than 17% of buildings in the entire parish were spared the effects of standing flood waters.

Even within the devastated Lower Ninth Ward, we see residents along some neighborhood blocks coming back and rebuilding their homes. We see home-grown leaders like Registered Nurse Alice Craft-Kerney working with residents, volunteers, and other healthcare professionals to open the Lower Ninth Ward Health Clinic, the first facility of its kind in the Lower Ninth.

The two critical factors in play in these and other cases of community rebound are the deployment of “social capital” resources and the deployment of “local knowledge.” By “social capital” I simply mean the resources that are embedded within the relationships that make up neighborhoods, congregations, professional networks, and extended family. Access to these resources is often the deciding factor in cases of successful rebound.

Effective action also requires access to and the ability to use “local knowledge”. This is the kind of knowledge that residents, business owners, local churches and nonprofit organizations, official and often unofficial local leaders possess because they are the people who are going through the trial and error process of finding solutions to the problems at hand, both before and after disaster strikes. It is worth noting that this kind of local knowledge is more often than not unrecognizable to distanced officials charged with the task of orchestrating the recovery process.

Local knowledge is often the source of entrepreneurial opportunity, and the post-Katrina environment is no exception. But there doesn't have to be a profit motive involved for people to make creative use of local knowledge. Following the storm, many daycare providers like Rebecca Dickensauge of Pass Christian, MS set up makeshift facilities to give parents a free place to bring their kids as they began the long process of gutting, cleaning, and rebuilding their homes and negotiating the bureaucratic maze of disaster relief organizations.

Joseph Merrill, Pastor of New Kingdom Missionary Baptist Church in the Desire St. neighborhood of New Orleans has used the revenues from his construction company to offer building services pro-bono to 14 families in his congregation. He knows that he can't help every family in his church rebuild. But he also knows *which* families could be central in helping him rebuild a community. He is betting that if he helps these families rebuild, they will act like a magnet, attracting back many more families.

And yet, it is often official disaster and recovery policy that stands as a barrier to the effective deployment of local knowledge. In the midst of inevitable uncertainty created by disaster, policies governing disaster response and recovery are often the source of far more debilitating and unnecessary uncertainty. In the aftermath of disaster, what people need more than ever, is the assurance that government will abide by and enforce the basic rules that make society work; rules like private property, contract, and the rule of law.

But disaster recovery programs, particularly those related to the redevelopment planning process have undermined these basic rules. By failing to clearly articulate the rules that govern the rebuilding process, governments at all levels have made it difficult for residents and business owners to make informed and intelligent decisions about whether and how to rebuild.

New Orleans is now on its fifth redevelopment plan, which critics have charged (and correctly so, in my view) to be more wish list than plan. But this is, frankly, the least of the problems presented by the redevelopment planning process. More problematic is the fact that while each of these planning processes has been underway, debated, scrapped, and started anew, residents and business owners have had no way of knowing what rules will govern the rebuilding process; in some cases, whether they will be able to rebuild at all. While people await the outcome of each new planning initiative, the rebuilding process becomes captured in a state of suspended animation. The uncertainty this creates significantly slows the recovery process. Every day spent planning is a day spent not rebuilding.

No doubt, as my examples suggest, some people act anyway, but they do so under greater levels of uncertainty and risk than are necessary. Many others remain on the fence; waiting to see what set of rules will apply to them.

It is worth noting that many of the most successful rebuilding efforts we can point to, such as the Vietnamese community in New Orleans East, the Broadmoor neighborhood in central New Orleans, and the Holy Cross neighborhood in the Lower Ninth Ward would have been prohibited by the Bring New Orleans Back Commission at the beginning of 2006. This exemplifies the fact that planners do not and cannot know what communities do, nor can they predict what will succeed or fail.

The uncertainty regarding which rules will govern the rebuilding process is but one way in which government policy intended to help ends up hurting people facing a post-disaster situation. Regulations crafted in the context of normal circumstances often fail to serve the public well in a post-disaster context. Day care workers willing to provide care in the days and weeks following the storm were fined or shut down or never opened at all because they did not have the proper child/teacher ratios and portable trailers—the only structures available at the time—did not meet code for day care facilities.

The Lower Ninth Ward Health Clinic I mentioned earlier was ready to open its doors August 30, 2006, but it would be another five and a half months before they could serve any patients. Apparently, the clinic was considered a “commercial enterprise” and violated residential zoning laws (despite the fact that there were precious few residents to be found). Inspectors also cited the clinic for various building code violations, including the fact that the handicap accessible ramp had only one, not the required two handrails. I doubt that shutting the clinic down really made life better for local residents with physical disabilities.

It would seem that in the midst of crisis, we would want to ease the regulatory environment so that people could more swiftly respond to the immediate needs facing disaster victims. But instead, we seem to do exactly the opposite. Currently, almost half the states in the

county have some form of “anti-price gouging law” which makes it harder, not easier for disaster victims to get what they need.

Finally, the promises of relief offered at the federal and state level, though generous, have often been unrealistic. The failure to follow through on these promises has created yet another devastating source of uncertainty. And rather than helping people get back on their feet, such programs have further retarded the recovery process. The Road Home Program stands as a premier example of “good intentions gone wrong.”

After the Road Home Program was announced in February 2006, it took another six months to select a contractor to administer the program. Given the complexity of the program, it then took *another* six months before the contractor could begin processing applications. In February of 2007, 180,000 residents had applied for assistance through the Road Home Program, but fewer than 400 of these applications had closed.¹ Since that time the pace of closings has quickened, but the effects of the delays and uncertainty have already taken their toll.

Throughout 2006 officials describing the program often made reference to the maximum payout of \$150,000 when in reality the amount of money available to each applicant on average was only \$70,000, with many people receiving far less than this. The false expectation that they were likely to receive \$150,000 caused many people to wait. Many are still waiting.

Our research shows that the communities—even poor communities—that came back swiftly are those that refused to wait for government assistance, sometimes because they didn’t expect the help, sometime because they didn’t believe that promises of assistance would ever be fulfilled. Meanwhile, those communities that are waiting for the Road Home or other programs to reach them are, simply put, dying. Homes are literally disintegrating from neglect, insect infestation, and mold as the owners wait for government support. Now you may think that the message here is that more federal resources need to be appropriated for disaster assistance. This is not the lesson I think this experience teaches us. The lesson to be learned is that when we promise what we cannot deliver, we condemn entire communities to dust.

Each of the issues I have raised here deserves careful consideration and more detailed analysis than what I am able to offer in this brief statement, but I want to leave you with three principles that ought to be foremost in our minds as we engage in public debate about the recovery process and consider ways to improve government policies related to crisis response and recovery.

Principle 1: Minimize policy-related uncertainty. Recovery policies and programs cannot assist people in their efforts to move forward if they undermine the basic rules of society. Government needs to abide by and enforce basic rules of property and contract, and then let residents and businesses make their own decisions about whether to rebuild, sell, or buy. If it is necessary to adjust building codes in the wake of a disaster, such changes cannot be the subject of a two, three, or four year public debate. If new rules are absolutely necessary, such changes need to be set in place swiftly and credibly.

Principle 2: Regulatory Preparedness. A process of “regulatory preparedness” would determine in advance what regulations could be eased or suspended in the aftermath of a disaster. A leaner regulatory environment would allow people on the ground to creatively and swiftly respond to local conditions and needs. Ideally, such a process would be triggered automatically, with say, a gubernatorial declaration of emergency, and would automatically expire after a time period determined in advance.

Principle 3: Promise relatively little, but deliver on those promises swiftly. Making grand promises that have little chance of coming to fruition slows rebuilding efforts and complicates life on the ground, as do complex and ineffective bureaucracies like Louisiana's Road Home Program. It is better to promise that every affected household will receive a check for \$20,000 within 90 days of a disaster and get it done in 60 days, than to promise every household \$150,000 that never comes. And it is far better to pre-commit and stick to realistic levels of support in advance of the disaster than to decide such matters in the political heat of the disaster moment.

These three principles are grounded within economic theory, but they also are born out in the experiences of individuals, families, and communities engaged in the day-to-day struggle to rebuild.

Again, I want to express my appreciation to our hosts for organizing this briefing, and on behalf of The Mercatus Center, I would also like to thank you for attending. I look forward to your questions and comments. If you would like to know more about our research, I invite you to visit our website which is listed in the materials you received.

¹ Merle, Renae “Louisiana Officials Criticize Delays on the ‘Road Home’: ICF of Fairfax Claims Progress in Helping Residents Rebuild” Washington Post Monday, January 29, 2007; Page D01
<http://www.washingtonpost.com/wp-dyn/content/article/2007/01/28/AR2007012801036.html>