

(Urban Affairs Review)

Katrina and Power in America

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A few days after Katrina struck New Orleans, President George W. Bush told the press that the relationship between the federal, state and local governments is "an important relationship, and I need to understand how it works better."

New Orleans Mayor Ray Nagin, desperate and frustrated, was a bit more straightforward in his assessment of how federalism works in practice: "I don't know whether it's the governor's problem," he said "I don't know whether it's the president's problem. But somebody needs to get their ass on a plane and sit down, the two of them, and figure this out."

But long before Katrina hit the city, New Orleans' residents -- and their counterparts in other cities around the country -- already knew that the Bush administration had abandoned them. The president's response to the Katrina disaster simply put his indifference to the plight of cities in dramatic relief.

New Orleans' Race and Class Fault Lines

Katrina was not an equal opportunity disaster. There were clear class and race fault lines. In his book, *Heat Wave: A Social Autopsy of Disaster in Chicago*, sociologist Eric Klinenberg reveals how that city's economic and social divisions were reflected in who died and who survived in a severe heat wave in July 1995. The poor, people of color, and the elderly -- those most likely to be socially isolated and without resources -- were the most likely to die.

The same is true in New Orleans. The poorest neighborhoods in the city were hit hardest by the hurricane. The Bush administration apparently assumed that people would evacuate New Orleans on their own, without giving much thought to who these people were, what resources they had, or where they would go. They acted as if everyone had an SUV full of gas and family or friends (or a second home) waiting to take them in somewhere safe.

In a wonderful example of fortuitous bad-timing, the U.S. Census Bureau released a report in late August (<http://www.census.gov/prod/2005pubs/acs-01.pdf>) revealing that Mississippi (with a 21.6 percent poverty rate) and Louisiana (19.4 percent) are the nation's poorest states. New Orleans (with a 23.2 percent poverty rate) is the 12th poorest city in the nation. Its median household income in 2000 was only \$27,133. Only 46.5% of its households own their own homes -- one of the lowest big-city homeownership rates in the South.

While most Southern cities gained population since the 1960s, New Orleans has declined like a rustbelt city. It reached its peak population, 627,525, in 1960. Between 1990, when it had 496,939 people, and 2000, with 484,674, it lost 2.5% of its population, while Louisiana grew by 5.9%. By 2004, it declined by another 4.6%, to 462,269. Despite the declining population, murders increased from 158 (32.6 per 100,000) in 1999 to 274 in 2003 (56.5 per 100,000).

From 1980 through 2003, New Orleans lost more than 50,000 jobs (from 339,953 to 279,056). During that period, oil and gas prices dropped. The city's port lost business to Miami and Houston. Several major companies with headquarters in the city left town. By 2000, only one Fortune 500 firm -- the city's power company -- remained. Tourism -- a low-wage industry whose major employers, such as hotel chains, are headquartered elsewhere -- increased its importance as a source of jobs. According to the Brookings Institution (<http://www.brookings.edu/metro/katrina.htm>), the New Orleans area saw a faster exodus of jobs, as well as middle-class and wealthy families, to the suburbs than in other metropolitan areas, exacerbating the city's fiscal crisis.

Much of the human devastation is due to the fact that New Orleans is not only one of the nation's poorest cities, but also among the most ghettoized. Among the nation's 100 largest metro areas, New Orleans ranks third in poverty concentration. In 2000, 23% of the poor in metro New Orleans lived in high-poverty neighborhoods, where at least 40% of the population live below the poverty line. (http://www.urban.org/UploadedPDF/310790_NCUA2.pdf).

Housing discrimination and the concentration of government subsidized housing have contributed to the city's economic and racial segregation. Over two-thirds of New Orleans residents, but only one-fifth of its suburban residents, are African American. New Orleans ranked among the nation's most racially segregated urban areas. The metro area's dissimilarity index in 2000 was 69 -- meaning that 69% of African Americans would have to move to achieve an equal distribution of blacks and whites in every neighborhood. (http://mumford.albany.edu/census/WholePop/WPsort/sort_d1.html)

The *New York Times* and other papers eventually reported on this economic divide as a key part of the Katrina story. But the Bush administration didn't (and doesn't) get it. Many reports had warned that tens of

thousands of people would have difficulty evacuating New Orleans in the case of a flood. Even so, FEMA Director Michael Brown resorted to typical blame-the-victory. He attributed the death toll in New Orleans "to people who did not heed evacuation warnings."

Bush and Urban Policy

Culturally, New Orleans is a unique city. But its economic and social conditions parallel those in most U.S. cities. Since World War 2, federal housing and highway policies, the practices of private businesses (particularly developers, banks, and insurance companies), and local zoning and tax laws have combined to promote middle-class flight, racial and economic segregation, and chronic fiscal problems in America's cities. Federal assistance to improve urban conditions have fluctuated depending on who controls the White House and Congress, but even with Democrats in charge it has been dwarfed by policies that subsidize and encourage the flight of employers and middle-class residents from cities.

It isn't difficult to understand why Bush has paid so little attention to New Orleans (before and after Katrina) and to urban America in general. In 2000, Al Gore beat Bush among voters in cities by a 61% to 35% margin. Four years later, John Kerry defeated Bush among urban voters. Bush's first HUD Secretary, Mel Martinez, told the *Washington Post* that "Housing issues are predominantly local issues...The solution to meeting the nation's affordable housing needs will not come out of Washington." In May 2004, testifying before Congress to justify Bush's proposed cuts for housing assistance, Bush's next HUD Secretary, Alphonso Jackson, claimed that, "being poor is a state of mind, not a condition." Both comments reveal the Bush administration's underlying view that urban problems are not really federal responsibilities and that poverty is due primarily to character flaws among the poor.

As Bush took office in 2001, urban America showed some promising signs. During the 1990s, some major cities (though not New Orleans) reversed their long decline in population. The nation's urban unemployment rate, as well as its crime rate, was the lowest in a decade. The nation's poverty rate (11.3%), and the poverty rate in central cities (16.1%), was lower than it had been in twenty-five years. Home ownership rates for Latinos and blacks had increased, although the gap with whites remained significant. Even air quality improved in many urban areas.

The improvements in cities during the 1990s were due largely to an unprecedented national economic expansion, reinforced by federal policies that reduced unemployment, spurred productivity, lifted the working poor out of poverty (such as the Earned Income Tax Credit and a minimum wage increase), and targeted private investment (stimulated in part by stronger enforcement of the Community Reinvestment Act) to low-income urban areas.

In contrast, Bush's most symbolic "urban" initiative was a plan to redirect federal funds for social programs like homeless shelters, food banks, and drug rehabilitation programs to agencies sponsored by "faith-based" organizations.ⁱ After Bush took office, the indicators of urban revival -- reductions in unemployment, poverty, crime, families without health insurance -- reversed direction. Median household income fell from \$45,062 in 2001 to \$44,389 in 2004 (in 2004 dollars). The nation's poverty rate rose from 11.7% in 2001 to 12.7% in 2004, from 32.9 million to 37 million people. The rate for Blacks rose to 24.7%; for Hispanics, to 28.9%. Urban poverty grew from 16.5% in 2001 to 17.5% two years later.

The Bush years saw a continual fraying of the social safety net. The number of Americans without health insurance climbed from 41.2 million (14.6%) to 45.8 million (15.7%) between 2001 and 2004. Some of the dire predictions about Clinton's welfare reform program came to fruition during the Bush years. For example, the proportion of families who leave welfare but cannot find jobs, and the number of former welfare recipients still in poverty, increased.

Under Bush, rents and housing prices increased faster than incomes, especially for the poor. In 2000, the national "housing wage" -- the amount someone who is working 40 hours a week has to earn to afford a typical two-bedroom apartment in a particular area -- was \$12.47; by 2004, it was \$15.37, much higher in many cities. Bush proposed major cuts to the Section 8 housing voucher program, eliminating 250,000 vouchers in 2005 and 600,000 vouchers by 2009, a 30% cut. Low-income tenants would face a rent increase of about \$2,000 a year.ⁱⁱ

ⁱ The plan was exposed when John DiIulio, the conservative political scientist Bush recruited to run the faith-based program, leaked a letter to *Esquire* magazine criticizing the President and his advisors for their "lack of even basic policy knowledge, and the only casual interest in knowing more" about urban problems and observing that "there were only a couple of people in the West Wing who worried at all about policy substance and analysis."

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During the Bush years, city officials, reeling from the loss of federal and state aid, had no choice but to cut essential services, including public safety, libraries, road repair, and public schools. The cities' fiscal traumas were compounded by the Bush administration's most expensive federal mandate -- its "war on terrorism" and "homeland security" initiatives after 9/11 -- because Washington failed to provide municipalities with adequate funds to comply with the requirements.

Incompetence or Indifference?

Conservative pundits and politicians have characterized Bush's mishandling of the disaster as the inherent inefficiency of "big government." But government -- whether big or small -- can be competent or incompetent. In fact, the federal government has a reasonably good track record of responding to so-called "natural" disasters like earthquakes, floods, and hurricanes. David Remnick (in the October 3, 2005 *New Yorker*) showed how President Lyndon Johnson quickly and competently responded to Hurricane Betsy, a major hurricane that struck New Orleans in September 1965. He immediately visited the region and marshaled federal government agencies and resources to address the physical, economic, and social crises that overwhelmed New Orleans. Even more recently, the Clinton Administration significantly professionalized and improved FEMA, appointed an experienced administrator (James Lee Whitt), increased its budget, and developed close working relationships with governors, mayors, and their disaster management agencies.

The Bush administration's actions might better be characterized as indifference rather than incompetence. It was a natural outgrowth of its fundamental hostility to government itself as well as its disdain for the concerns of the poor and of cities.

A central tenet of conservative ideology is that government interferes with individual liberty, is less efficient than the private sector, and in many cases is simply unnecessary. Among the world's industrial nations, the US has the lowest overall level of taxation (especially for the wealthy), the weakest regulations on business for consumer and worker protections, and the smallest safety net in terms of health insurance, child care, and anti-poverty programs. Even so, many contemporary conservatives argue that (with the exception of military spending) we need to "starve the beast," mostly by reducing taxes (especially for the wealthy) so much that government in general, and the federal government in particular, will be virtually paralyzed.

With the Katrina disaster, conservatives got what they were looking for. When it was needed most, government was paralyzed, as Americans saw, simply by watching the consequences on TV. In contrast to conservative ideology, the Katrina disaster reveals how much we need government to provide things that individuals and the private sector simply cannot. It is needed to build the public infrastructure necessary for a civilized society, protect people from health, environmental, and disaster risks, help relieve the immediate suffering, build dams, levees, bridges, roads, and public transit as well as schools, parks, and playgrounds, and help people and communities restore some level of normalcy and decency.

Katrina also highlights the importance of having *competent* government run by well-trained people. There were plenty of competent, experienced public servants who, given the opportunity and resources, could have prevented the disaster and/or dramatically limited its consequences. Katrina was a failure of political will by the highest-ranking government leaders, not incompetence by middle-level managers and front-line staff in the military, FEMA, and other agencies. Bush's two FEMA directors -- Joseph Allbaugh and Michael Brown -- had absolutely no qualifications for the job. In 2001, soon after joining FEMA, Allbaugh characterized the agency as an "an oversized entitlement program" and urged states, cities and victims of disaster to rely instead on "faith-based organizations . . . like the Salvation Army and the Mennonite Disaster Service."

We don't know the magnitude of the Bush administration's blunders and misjudgements, or their cost in human lives and property damage. What is clear is that its indifference toward New Orleans began long before Katrina struck. It cut the budget for FEMA and the Army Corps of Engineers (ACE). It folded FEMA into the Department of Homeland Security, diminishing its role as an emergency planning and relief agency while viewing it as simply another part of the administration's "war on terror." It failed to invest adequately in the infrastructure needed to prevent severe hurricane damage in New Orleans and Mississippi.

Last September 1 on ABC's *Good Morning America* Bush said, "I don't think anyone anticipated the breach of the levees." In fact, in 2001, FEMA identified a major hurricane hitting New Orleans as one of the three "likeliest, most catastrophic disasters facing this country." Many experts, including the ACE, warned far in advance that we needed to spend more money to upgrade the infrastructure, including the region's levees, but Bush and the GOP Congress cut the budget for the ACE and various projects that could have protected New Orleans from a category 4 hurricane.

In June 2001, New Orleans *Times-Picayune* reported that "despite warnings that it could slow emergency response to future flood and hurricane victims, House Republicans stripped \$389 million in disaster relief money

from the budget.” The following February, Mike Parker, Bush’s appointee as head of the ACE, testified that “there will be a negative impact” if Congress approved the White House’s cuts to infrastructure projects. A week later, Parker was fired. The following February, Bush proposed cutting another half billion dollars to the ACE, including about two-thirds of the New Orleans area flood control project.

The *Wall Street Journal* documented (in a September 6 report) how the Bush administration had systemically stripped FEMA of authority, money, and key staff, undermined its morale, and ignored warnings by state emergency managers that its actions were sabotaging FEMA's capacity to respond to disasters.

Brown's statement that FEMA officials were unaware as late as Thursday, Sept. 1, that thousands of refugees were trapped in the New Orleans convention center without food or water is one of the most brazen examples of either stupidity or lying in history. (All he needed to do was turn on the TV). Still, on September 2, during his first (and belated) tour of the disaster area, Bush told his FEMA director in front of the cameras, "Brownie, you're doing a heck of a job," despite all evidence to the contrary. A week later, under enormous pressure from public officials, civic leaders, and the media, Bush relieved Brown of his responsibilities for overseeing the Katrina relief effort.

But even after Brown was replaced, the Bush administration was extremely slow in providing relief. For example, at the end of October -- two months after Katrina struck -- at least 20,000 public school students from Louisiana (mostly from New Orleans) who were uprooted by the hurricane were still not attending any school. About 200,000 evacuees remained in hotels, while only 7,308 temporary trailers and 10,940 housing units had been occupied by victims in the three affected states. Many Medicaid recipients were unable to get benefits in their new locations.

Crony Capitalism and Disaster Profiteers

Bush has been justly faulted for his failure of leadership and his mishandling of the nuts-and-bolts of the Katrina relief effort. But on several matters involving post-hurricane reconstruction, Bush has been exceedingly decisive. The administration’s failure to adequately prepare for Katrina, and then to botch the evacuation and relief effort, was not simply a matter of hiring the wrong people for the job. Indeed, Bush has used the Katrina disaster as a pretext for the administration’s crony capitalism, corporate agenda, and disregard for the urban poor.

Post-Katrina, the Bush administration has sought to enact several conservative policies that it could not get through Congress under normal circumstances. It lifted the requirement that contractors have affirmative-action plans. It proposed allowing the Environmental Protection Agency (EPA) to waive all environmental regulations, including provisions of the Clean Air Act, during the rebuilding. It promoted the use of school vouchers for children of Katrina evacuees. It rescinded rules governing the number of hours truckers can work.

Many Republicans in Congress have demanded that any supplemental funds to provide relief to Katrina’s victims – now likely to cost over \$100 billion – be offset with budget cuts rather than tax increases. As the (October 20) *Washington Post* reported, only a few weeks after Katrina hit, Congressional Republicans called for over \$50 billion in spending cuts, most from programs for the poor, such as Medicaid, food stamps, child-care support, the earned-income tax credit and Supplemental Security Income. Even so, Bush and the GOP leaders in Congress, including presidential hopeful and the majority leader, Sen. Bill Frist, still want to adopt a \$70 billion tax cut, mostly for the very rich.

Bush decisively suspended federal rules to allow FEMA and the Army Corps of Engineers to extend no-bid contracts to corporations engaged in the rebuilding. In doing so, he also allowed companies with close political ties to get to the front of the line. Bush then sweetened these contracts even more by suspending the federal Davis-Bacon Act, the Depression-era law that requires contractors with federal funds to pay local "prevailing wages" on construction projects. (In late October, after enormous public criticism of these actions, Bush reversed both decisions).

In response to Katrina, Bush simply dusted off several free-market approaches -- such as a “Gulf Opportunity Zone” (tax breaks for small businesses) -- that have failed in the past. Even Jack Kemp, the conservative HUD secretary under the first President Bush, criticized Bush’s approach.

“There has to be some federal leadership here,” Kemp told the *New York Times*. “Laissez-faire, Darwinian capitalism is not going to work. Markets do work, but they need the direction of government in situations like this.”

Katrina is a disaster for the people of the gulf region and for the nation's economy. About 400,000 Americans will lose their jobs, according to the Congressional Budget Office. But for some companies, especially those with political connections, Katrina -- like the war in Iraq -- is a bonanza.

Congress is expected to allocate at least \$100 billion for Katrina relief and repair, with some estimating an eventual cost over \$200 billion. The reconstruction of New Orleans and the Gulf Coast has unleashed a feeding frenzy of government contracts. FEMA and the Army Corps of Engineers quickly suspended rules in order to allow

no-bid contracts and speed up reconstruction.

Three companies -- the Shaw Group, Kellogg Brown & Root (a subsidiary of Haliburton, whose former CEO is Vice President Dick Cheney), and Boh Brothers Construction of New Orleans -- quickly scooped up no-bid ACE contracts to perform the restoration. Bechtel and Fluor (also with close GOP ties) have also reaped huge contracts.. The Department of Defense has been criticized for awarding Iraq reconstruction contracts to Haliburton and Bechtel without competition; Haliburton is facing questions for allegedly overcharging on work done in Iraq. Soon after the storm hit, Haliburton's stock price increased

As the *New York Times* reported on September 10, "From global engineering and construction firms like the Fluor Corporation and Haliburton, to local trash removal and road-building concerns, the private sector is poised to reap a windfall of business in the largest domestic rebuilding effort ever undertaken."

According to the *Los Angeles Times* (October 10), lobbyists representing energy, transportation, and other corporate sectors dominated the task forces created by Louisiana Senators David Vitter (a Republican) and Mary Landrieu (a Democrat) to advise them in drafting the Louisiana Katrina Reconstruction Act. The legislation included "billions of dollars' worth of business for clients of those lobbyists."

Allbaugh resigned as FEMA director in 2003 to head New Bridge Strategies, a company whose motto is: "Helping to Rebuild a New Iraq." Its website (<http://www.newbridgestrategies.com>), says the firm is "a unique company that was created specifically with the aim of assisting clients to evaluate and take advantage of business opportunities in the Middle East following the conclusion of the U.S.-led war in Iraq." Allbaugh was hired by Kellogg, Brown & Root (KBR) to, according his lobbying disclosure form, "educate the congressional and executive branch on defense, disaster relief and homeland security issues." The *Houston Chronicle* reported on Sept. 1 that the U.S. Navy hired KBR "to restore electric power, repair roofs and remove debris at three naval facilities in Mississippi damaged by Hurricane Katrina" and to "perform damage assessments at other naval installations in New Orleans as soon as it is safe to do so."

Compounding this crony capitalism, Bush suspended the Davis-Bacon law for Katrina-damaged areas of Alabama, Florida, Louisiana and Mississippi. Enacted in 1931, it sets a minimum pay scale for workers on federal contracts by requiring contractors to pay the prevailing or average pay in the region. The prevailing wage for a carpenter is about \$12/hour in New Orleans and \$7/hour in Gulfport, Miss., both far below the national average. The Bush administration, Congressional Republicans and their corporate allies have long opposed the Davis-Bacon law. During the 2004 election cycle, the construction industry donated \$71 million to candidates for the White House and Congress. Seventy-two percent of those contributions went to Republicans, according to the Center for Responsive Politics, a nonpartisan watchdog group. They used Katrina to impose their agenda through the back door.ⁱⁱⁱ

The suspension of Davis-Bacon was an open invitation to employers to pay low wages to people desperate for jobs. Both the *Los Angeles Times* (October 10, 2005) and the *New York Times* (on October 17, 2005) reported that the Gulf Coast and New Orleans -- which prior to Katrina had a tiny (3.1%) Latino population -- was becoming a mecca for Mexican and Central American immigrants, many of them undocumented, lured by the boom in construction work and service-sector jobs previously filled by residents who had evacuated the region.. Most employers pay them far below prevailing wages and, the *Times* reported, some failed to pay them at all. Many of these workers are living in substandard and overcrowded conditions, such as the 32 immigrants housed in three mobile homes.

Who Will Rule the New New Orleans?

For most Americans watching events unfold on TV or by reading newspapers and newsmagazines, the Katrina disaster revealed the meltdown of New Orleans' local government. Mayor Nagin appeared angry but helpless. Many of his police department's officers failed to report for duty, undermining the city's ability to protect lives and

ⁱⁱⁱ President Bush's behavior is consistent. In the wake of the 9/11 tragedy, Bush used concerns over national security as a pretext for undermining workers' rights. His legislation sought to strip 170,000 federal employees being transferred to the new Department of Homeland Security of various workplace protections, including civil service regulations and collective bargaining rights. Similarly, the legislation federalizing about 56,000 airport screeners exempted them from union protections. Soon after 9/11, Bush also established a quota requiring government agencies to outsource at least 425,000 (later upped to 850,000) federal jobs to private contractors (many of which, it turns out, had contributed to his campaign). In December 2001, Bush also revoked rules prohibiting companies with a track record of violating federal labor laws -- as well as environmental, consumer protection, civil rights and tax laws -- from signing outsource employment contracts with federal agencies. challenge

property. A handful of cops were even seen looting local retail stores. Patients at the private Tulane University hospital were quickly removed, while patients at the municipally-run “charity” hospital were left for days to fend for themselves. The municipal government had no evacuation plan in place before the disaster struck. While the White House and the federal EPA disagreed about whether the region’s water was safe to drink, Nagin first urged people to return, then he told them to stay away because of continued public health fears. To the casual observer, New Orleans’ municipal government fit the worst stereotypes about urban politics.

In truth, no municipal government has the capacity to handle a disaster of Katrina’s magnitude. Only the federal government has the resources to deal with the prevention, rescue, and rebuilding of areas faced with major disasters. For certain, the city government had a role to play. But New Orleans, even more than most cities, faced chronic fiscal problems, because so many of its residents are poor and so much of its economy is based on low-wage jobs.

According to Peter Burns, a political scientist at New Orleans’ Loyola University, from the 1970s through the 1990s, the city had a typical “pro-growth” governing regime. Corporate leaders set the agenda along with politicians who rarely challenged the status quo. As Burns wrote in a paper presented at the 2005 American Political Science Association meetings:

“Over the last 35 years, New Orleans’ government and business leaders focused upon the economic development of the French Quarter and the Central Business District. Economic development projects in these areas include two malls, an aquarium, a multi-purpose stadium, a basketball arena, the relocation of a National Basketball Association (NBA) team to the city, a land-based casino, the revitalization of one of the city’s main streets (Poydras Street), and the construction of numerous hotels.”

During that period, New Orleans hosted a World’s Fair, the Republican convention, and nine Super Bowls. For the most part, the needs of New Orleans’ low-income and African-American residents were ignored, or provided little more than symbolic gestures.

As a result of the exodus of many big New Orleans-based corporations, however, the city has had fewer business and civic leaders interested in local politics, and fewer financial resources -- such as corporate charities like the United Way and private foundations -- to draw on for civic projects. By the late 1990s, there was no longer the kind of interlocking corporate power structure that had a stake in the city.

This leadership vacuum has been filled by an unstable and constantly changing assortment of groups that work on relatively narrow issues, such as crime, schools, housing, or specific development projects. No single organization or interest group has sufficient influence to carry out a broad agenda. Because Louisiana is a right-to-work state, New Orleans lacks a strong local labor movement, which is often a key player in municipal politics elsewhere. Civil rights and neighborhood organizations are relatively weak.

Occasionally, inchoate class conflicts surface in the political arena. For example, three years ago, New Orleans ACORN (a community organizing group with about 9,000 low-income members) and the Service Employees International Union (SEIU) waged a grassroots campaign to get the city to adopt a municipal minimum wage that was \$1 over the federal level, and would apply only to businesses with over \$500,000 in revenues. The referendum passed with support from 63% of the voters. The law would have benefitted about 70,000 low-income workers, mostly African-Americans, mostly employed in the tourism industry. After the vote, the region’s business groups, which had led the opposition to the proposal, successfully filed suit in Louisiana Supreme Court and got the state legislature to pre-empt local minimum wage ordinances, overturning the people’s will.

In the wake of Katrina, class and race struggles will again rise to the surface. Which local stakeholders will play important roles in how federal funds are allocated for rebuilding the city, who will receive the funds, and how they will be used?

The Bush administration would prefer to circumvent state and local government (both run by Democrats), as well as local community and labor groups, and make most of these decisions without their input. But Bush cannot simply ignore local players. National corporations and local businesses with close ties to the Bush Administration (and, in Mississippi, to Gov. Haley Barbour, former Republican National Committee head) – as well as with the Congressional delegation, the governor, and the mayor – will have an advantage when it comes to shaping the agenda and getting federal reconstruction funds.

The *New York Times* (on September 29 and October 1) profiled several such players. One is Joseph C. Canizaro, a major New Orleans developer who had been a big Bush fundraiser, is close to Mayor Nagin, and in 2000 created the Committee for a Better New Orleans that brought together more than 100 business and civic leaders to address the city’s problems. Canizaro played a key role in helping Nagin pick the 17-member blue-ribbon task force to make recommendations on rebuilding the city. Another prominent businessman on the task force is Donald Bollinger, head of Bollinger Shipyards (based in nearby Lockport, Miss.), who is close to Bush and other Republicans, served as chair of the local United Way, and was president of the Citizens for a Better New Orleans.

Who speaks for New Orleans' poor, the people whose neighborhoods (like the Lower Ninth Ward) were hardest hit, rent, lost their jobs and (in many cases) their health insurance, and are not well-represented on Mayor Nagin's commission?

One problem in answering this question is that more than one million New Orleans and Gulf Coast residents fled the region and now live in Baton Rouge, Houston, Jackson, and elsewhere. Many of their New Orleans houses and apartments may now be uninhabitable. Their neighborhoods may be toxic health hazards for some time. Their old jobs may no longer exist, at least in the short-term.

HUD Secretary Alphonso Jackson triggered a controversy when he told the *Houston Chronicle* that parts of the low-lying Ninth Ward, a mostly African-American and low-income area, may never be rebuilt. "Whether we like it or not, New Orleans is not going to be 500,000 people for a long time," he said. "New Orleans is not going to be as black as it was for a long time, if ever again."

How will the state and city deal with displaced voters? Will they retain their right to vote as Louisiana and New Orleans residents, even if they don't return for six months or a year? Or will state and local politicians try to remove them from the voting rolls? Even if they remain on the voting lists, will the local politicians make a serious effort to find them and provide them with absentee ballots? Will there even be a public debate and struggle over these issues?

The Katrina exodus could dramatically shift the balance of power in Louisiana and New Orleans. According to the *Washington Post*, Gov. Blanco's 2003 election victory and Sen. Mary Landrieu's (D-Louisiana) 2002 reelection win had margins of fewer than 60,000 votes. Overwhelming support from African Americans constituted much of those margins..

Mayor Nagin is up for re-election in February 2006. As the *Washington Post* noted (October 14, 2005): "The election will be one of the most important in the city's history, with the winners set to play a pivotal role in deciding how the city will be rebuilt. But with only a smattering of the city's 484,000 residents back home, it will also be an election in which voters will be difficult to find and residency hard to prove, leaving candidates unsure of how to campaign."

Public officials will focus primarily on the concerns of businesses and the affluent unless the poor and near-poor are mobilized to make demands and participate in elections. The major mass media have generally portrayed the residents of the Gulf Coast and New Orleans as helpless victims, grateful for any hand-out from the Red Cross, FEMA, or other charities and government agencies.

The mainstream media virtually ignored the efforts of several community organizing groups to mobilize residents of New Orleans, as well as among the evacuees living in Houston, Baton Rouge and elsewhere, to gain a voice in the post-Katrina deliberations. The three national organizing networks – ACORN, IAF, and PICO – immediately began sending their local organizers to the Astrodome in Houston and other emergency shelters in Baton Rouge and elsewhere, talking with evacuees about their immediate and longer-term needs. They worked with churches, unions, community groups, and their own local members to find survivors and help them find emergency relief, housing, jobs, and other basic needs. And the New Orleans-based Community Labor United quickly formed a People's Hurricane Relief Oversight Coalition.

ACORN, which has chapters in 75 cities around the country, organized a Katrina Survivors Association to give residents of New Orleans, including those who fled to other communities, a voice. Soon after Katrina hit, ACORN -- whose national headquarters was located in New Orleans -- began contacting members in over 35 cities, including Houston and Baton Rouge, who had escaped Katrina. It held meetings of survivors to distribute recovery information, and began making demands on government officials, winning a number of important victories. In Dallas, for example, ACORN members marched on the mayor's office to protest the city's refusal to work with FEMA to provide housing for evacuees. After two weeks of public pressure, FEMA developed a plan to provide housing directly to survivors. On October 15, ACORN members staged a caravan into the Lower Ninth Ward to claim their right to return, posting "Do Not Bulldoze" signs on homes. In October, New Orleans ACORN, the Louisiana AFL-CIO, the Louisiana NAACP, and SEIU locals organized a march and rally in Baton Rouge to demand a resident voice in rebuilding. A delegation of ACORN's Katrina survivors traveled to Washington DC where they met with Congressional leadership, held a rally at FEMA, and joined Senator Ted Kennedy in introducing the Rebuild and Respect Act, which embodies many of the rebuilding principles they have been fighting for. In early November, ACORN organized a meeting at Louisiana State University in Baton Rouge that brought together its leaders, staff, and two dozen planners, housing developers, and economists to develop a comprehensive plan for post-Katrina reconstruction.

Soon after Katrina struck, Houston Mayor Bill White immediately invited The Metropolitan Organization (TMO), a well-regarded community organizing group affiliated with the Industrial Areas Foundation, to participate in the city's efforts to deal with the tens of thousands of new residents in terms of health care, housing, education,

and other needs. TMO's organizers and leaders organized meetings in local churches where survivors voiced their complaints and made demands in front of local officials, including the mayor, FEMA and the Red Cross. TMO formed a new organization of residents, and gathered more than 4,000 signatures among people sheltered in the Astrodome to demand better treatment, especially for children, the elderly, and those in need of medical help.

The PICO organizing network sponsored a meeting of 1000 refugees from New Orleans held in Baton Rouge in early October. Governor Blanco came and signed PICO's "reconstruction covenant."

What Kind of Reconstruction?

While the rescue and resettlement of Katrina's victims was just beginning, government officials and business leaders were already formulating reconstruction plans. The federal government approved more than \$100 billion for hurricane relief and repair, the largest urban (and rural) renewal program in memory.

Will these funds be used primarily to provide a financial bonanza to politically-connected corporations and developers? Or will they be used to help create strong and healthy communities that will do more than restore what was there before but will improve economic, social and environmental conditions for the people who live and work there?

The answer to these questions depends in large measure on whether the residents of the region have a strong voice in shaping the rebuilding process. Through their community organizations, religious congregations, labor unions, and civic groups, residents should play a central role in determining how and where the money is spent. Already, many residents worry that the Bush Administration, the governors, and the mayors will be influenced primarily by corporate powerbrokers, bankers, and builders.

Should New Orleans and the Gulf Coast be rebuilt the way it was before Katrina?

The region is a major center for refining oil. The Gulf Coast has half of the nation's oil refineries. About 60% of oil imports come through Gulf ports. Within weeks of the disaster, repair of these facilities was underway. People hope that much of the city's cultural life -- its music venues, the French Quarter, its charming neighborhoods - can be restored. But what about the rest of the city and region? The people who return will need jobs, homes, and public services. The area will need to rebuild hospitals, health clinics, parks, playgrounds, and schools.

Should the federal government simply subsidize the reconstruction of the city's low-wage economy -- its hotels, casinos, and other tourist and service industries? If a major hotel chain or casino is going to get millions in federal aid, should there be some quid-pro-quo -- like requiring them to pay a living wage or provide other community benefits?

Should the federal government provide homebuilders and landlords with millions of dollars in federal funds to reconstruct apartment buildings without any guarantees that rents will be affordable to the families who need them?

In rebuilding New Orleans and its suburbs, should policymakers avoid isolating the poor in ghetto neighborhoods? In reconstructing the city's infrastructure, should they link where people live, work, and shop through improved public transit?

And if the federal government is going to spend billions of dollars to rebuild homes, offices, warehouses, and stores, should it subsidize rebuilding of them in areas that certainly will be the target of future hurricanes? The *New Yorker* (September 19, 2005) reported that, according to Carol Browner, who ran the EPA during the Clinton Administration, Sen. Trent Lott of Mississippi fought EPA's efforts to limit construction of gambling casinos on Mississippi's environmentally-sensitive wetlands. Will, in the wake of Katrina, the developers and their political allies heed those warnings?

What political constituencies will have to be mobilized -- nationally as well as in the Gulf Coast region -- to insure that the new New Orleans is eventually a more livable place than it was before, especially for its poor? If post-Katrina reconstruction is to proceed as a two-way street -- bottom-up as well as top-down -- government policymakers should take into account some guidelines and principles learned from previous successes and failures of urban and metropolitan policy.

Public Health: Much of the region is now a huge brownfield -- a toxic hazard that could contaminate children, workers, and the elderly, producing permanent damage. Will the Bush administration resist pressures from big business, developers, and some residents to start putting shovels in the ground as soon as possible? Should major construction of homes, schools, businesses and other facilities occur before a comprehensive environmental and public health assessment has been done, to evaluate which areas are safe and which will require extensive environmental clean-up? Should toxic areas that endanger public health be declared Superfund sites and federal funds allocated to decontaminate them before people are permitted to live and work there?

Infrastructure: In New Orleans, much of the physical infrastructure -- sewers, utilities, levees, and roads - were outdated and crumbling even before Katrina struck. In much of the rural parts of Louisiana, Mississippi, and

Alabama, infrastructure was primitive. Before homes, businesses and public facilities are constructed, should the federal government invest in infrastructure to ensure that the next hurricane doesn't destroy the region? Key to making conditions more livable is a regional plan for public transportation that includes bus, trolley, and automobile to limit congestion and to provide options for families without cars.

The federal government must rebuild the city's levee system to withstand Category 5 hurricanes. Otherwise, the less affluent will be relegated to areas that flooded during Katrina. Insurance companies and lenders will be reluctant to invest in New Orleans if they think the city could flood again. Or, if they do invest in New Orleans, they will charge outrageous premiums to consumers. Builders, lenders, and others will not invest in the city's flood-prone neighborhoods -- housing and businesses -- if they think the levees are not strong enough.

Any rebuilding effort in the region needs to take into account the erosion of the wetlands. Policies that allowed developers to build in the wetlands played a major role in exacerbating flood conditions, harming the environment, making cities and towns in Louisiana more vulnerable to hurricane devastation. The rebuilding of New Orleans needs to complement the rebuilding of the Louisiana coast, which used to act as a land buffer to slow down and weaken hurricanes as they came onshore. This is no longer the case, because much of the Louisiana coastline has sunk into the Gulf of Mexico.

Public Facilities: The region's schools, nursing homes, hospitals, health clinics, and child care centers need to be rebuilt. These institutions are critical to a community's social fabric. Louisiana, Mississippi, and Alabama are among the nation's poorest states. Their schools were already among the most under-funded. Their populations ranked among the lowest in access to health insurance -- a situation exacerbated by the disaster, because many people are now jobless, and now the Bush administration proposes to deny Medicaid to many Katrina victims.

Housing: More than a million people were forced to flee New Orleans and the Gulf Coast. Many of their homes were destroyed or became uninhabitable and need to be razed. The *New York Times* reported (October 23) that as many as 50,000 (out of 180,000) New Orleans homes may have to be demolished. Should they be replaced at all and, if so, how? Post-Katrina provides an opportunity to learn from past mistakes and create stronger communities and neighborhoods.

Among the poor, many homes were already physically substandard. It makes no sense to rebuild the region's residential areas just as they were before the hurricanes. In New Orleans, for example, federally-subsidized housing for the poor was concentrated in a few areas, isolating the poor in economic and racial ghettos. What's needed are neighborhoods that include homeownership and rental housing, market-rate homes and homes affordable to low-income and middle-class families.

FEMA's initial plan, to build large-scale "temporary" trailer parks, is likely to turn into permanent ghettos. Likewise, if the reconstruction promotes sprawl that requires long commutes and traffic congestion, it will have dire consequences.

In September, in his first major address outlining his ideas about post-Katrina reconstruction, Bush proposed giving away federally-owned land to families by lottery if they were willing to build new homes on the sites, under an "urban homesteading" program. There isn't enough federal land to make this plan practical. But even if there were, rebuilding the region one house at a time would be wasteful and inefficient. Entire neighborhoods need to be rebuilt. Experienced non-profit and for-profit developers should be enlisted in this effort, guided by plans created by local residents.

Homeownership counseling by knowledgeable nonprofit community groups is critical. Otherwise, people could become unwitting victims of unscrupulous and predatory lenders and contractors, who prey on desperate people, do shoddy construction and charge excessive fees. This would lead to large-scale foreclosures in a few years, as we've seen in other cities.

In areas of New Orleans, Baton Rouge, Houston and elsewhere where there still may be housing vacancies, homes can now be occupied by families with Section 8 rental vouchers, if sufficient funds are made available.

But something must be done to restrain the greed of speculators, who within days of Katrina were buying up properties throughout the region to take advantage of the housing shortage and of the federally-subsidized bonanza. To limit price gouging during this emergency, we need temporary rent control or a freeze on real estate transactions until a rebuilding plan is in place. Soon after the hurricane hit, Gov. Blanco announced an emergency ban on evictions for tenants who had fled their homes. But under pressure from the Greater New Orleans Apartment Association, Blanco lifted the ban less than a month later.

Jobs: The rebuilding of New Orleans and the Gulf Coast -- plus the addition of new schools and other facilities in Houston, Baton Rouge and elsewhere to accommodate their local population explosions -- will generate

tens of thousands of jobs, particularly in the construction of homes, roads, infrastructure, schools, hospitals, and businesses. Who will get those jobs and will they pay a living wage? Should local residents be given priority for jobs rebuilding their communities? Should federal funds be targeted to competent nonprofit organizations that have experience in job-training so that people will have permanent skills?

Conclusion

The debate over post-Katrina reconstruction is not about "big government" versus "small government." It is about "big government" for whom? Will the main beneficiaries of federal funds be those with deep pockets and political connections? Or will federal funds focus on the needs ordinary people and help them to rebuild their homes, their neighborhoods, their jobs, and their lives?

Unless those people have a voice in the decision-making from the start, and unless the rebuilding follows the principles outlined above, public trust in government will sink even more than the levees.

The Katrina disaster has triggered the nation's largest population movement in memory. Some will return to their previous communities, but many will remain where they've relocated. These cities are now faced with enormous challenges. Where will these people live? Where will their children attend school? How will they get health care and nursing home care. Where will they work?

Should the burden for addressing these human needs and economic realities fall on the localities, or be left to the private market? Or should Washington play a significant role? Baton Rouge is already experiencing a huge spike in rents and housing prices as a result of the increased demand. Baton Rouge, Houston and other cities are now facing overcrowded schools without sufficient buildings, teachers, textbooks and equipment. Shouldn't the federal government come to the aid of these cities with funding to build affordable housing, construct new schools, and hire more teachers? Or will the Bush administration and Congress view this resettlement the way it views immigration from abroad -- forcing those cities and states with the vast majority of new immigrants (especially California, Texas, New Mexico and Arizona) to provide for them?

The Katrina disaster begs the larger question: What responsibility, if any, does the federal government have to provide Americans with decent housing, access to health care, and opportunities for work that pays a living wage? Should government help people cope with the vicissitudes of the business cycle, the inequities of the market economy, and just plain old bad luck?

Conservatives are willing to spend billions of dollars to rescue people and businesses from a "natural" disaster, like a hurricane or earthquake, but not a human-made disaster, like chronic poverty, unemployment, and homelessness. We have FEMA for natural disaster relief but no modern-day equivalent of the Depression-era Works Progress Administration (WPA) for human disaster relief to address the widespread human needs associated with poverty in New Orleans and elsewhere.

As Richard Rothstein and I wrote in the *American Prospect* (<http://www.prospect.org/print/V5/18/dreier-p.html>) after the 1994 Los Angeles earthquake, the same Republican Congresspeople who voted against President Clinton's public works jobs plan for being a "budget-buster" full of "pork" projects, voted for billions of dollars in earthquake relief and repair. Ironically, the federal government wound up spending more money in Southern California on earthquake repair and relief than it would have under the original Clinton public works plan.

During the Depression of the 1930s, the New Deal expanded the role of government dramatically: it initiated a minimum wage, Social Security, public housing, rural electrification (ie the TVA and Bonneville), the right to unionize, and massive public works to put people back to work rebuilding the cities. When the Depression ended, these programs and policies did not end. Only the large-scale public works program was killed, but it was replaced, after World War 2, with two even larger public works and industrial policies that reshaped America -- military spending and the federal highway program.

Wherever they move, the evacuees from New Orleans and Mississippi are mostly poor. They will need jobs, housing, and health care, among other things. But so do millions of other Americans, including the 37 million who are poor, the 45.8 million without health insurance, the even larger number who pay more than they can afford to put a roof over their heads. Why help the victims of Katrina but not help the victims of George Bush, Alan Greenspan, Enron, Wal-Mart, and American drug companies?

Katrina also underscores the need to reorder national priorities. And it underscores the human disaster at hand as a result of several decades of the ascendancy of right-wing ideas and corporate domination of the federal government, which extols market forces, individualism, and private charity over public responsibility and the common good.

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