

Miscellany12: Understanding the US Response to Hurricane Katrina; One More Cost of Mass Immigration

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Commentary on recent news, reading and events of personal interest.

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Understanding the US Response to Hurricane Katrina

A few weeks ago (August 29), Hurricane Katrina caused much damage in Louisiana and Mississippi. The damage was particularly severe in New Orleans and along the Mississippi coast. In the wake of this disaster, the US government has been criticized on two fronts: (1) for not having taken steps (advance preparations) to reduce the expected economic and human damage that a large hurricane hitting the Louisiana / Mississippi Gulf Coast would cause; and (2) for its clumsy, slow, unplanned response to the hurricane after it did occur.

The reasons that the government is providing to explain its response (both its lack of pre-disaster planning and preparation and its clumsy post-hurricane response) are not the true reasons underlying their response. This article describes what is going on.

The article is presented in two parts. The first part discusses the issue of why the government chose not to take steps to reduce the expected human and economic damage that a large hurricane would cause to New Orleans and the Mississippi Gulf Coast. The second part discusses why the government's response to Hurricane Katrina was so clumsy.

Why Did the US Government Choose Not Take Steps to Reduce the Expected Damage That a Large Hurricane Would Cause?

The government is just now beginning to explain its response to the Hurricane Katrina disaster. Until now, it has focused on defending its seemingly inept response to the disaster. It has not yet begun to explain why it did not take steps to reduce the expected damage that a large hurricane would cause to New Orleans area and the Mississippi Gulf Coast. These steps would have included actions such as not allowing people to build along the coast; relocation of portions of New Orleans that are below sea level; and prevention of human-caused damage to the marshlands along the Mississippi River and the marshlands and barrier islands of the Gulf Coast.

The US government has been severely criticized as being slow and clumsy in its response to Hurricane Katrina. Initially, the government claimed that this was a natural disaster of unprecedented size, and so it was understandable that we were not prepared to deal quickly with it. Soon, however, it became clear that the government had in fact conducted studies that were very accurate in predicting what would happen if a large hurricane struck New Orleans.

So the issue arose: since the government knew very well what would happen, why did it choose not to prepare for it, and take steps to reduce the expected damage? Yesterday (September 13), President George Bush acknowledged that the government response might not have been appropriate, and, if there had been any failure on the part of the federal government, he would accept responsibility for it (whatever *that* means!).

Before proceeding, I shall make a comment on the term “natural disaster.” As I explained some time ago when writing about last year’s tsunami in Southeast Asia, the destructive results of a tsunami, hurricane, or other natural event to human life and human development are not properly described as “natural disasters.” The term “natural disaster,” applied to these events, is a complete misnomer. They may be economic disasters or human disasters, but they are not at all “natural” disasters. Tsunamis and hurricanes are regularly occurring natural *events*. They happen every year. They are not “natural disasters.” They are normal, frequently occurring natural phenomena, such as thunderstorms, tornadoes, and land-based earthquakes. A “natural disaster” – if the term is ever appropriate – is an event that causes massive and irreparable harm to nature (i.e., to the global or regional species *status quo*), such as a catastrophic destruction of species caused by a large asteroid hitting Earth, or the “Sixth Extinction” now being caused by large-scale human numbers and industrial activity.

Earthquakes, tsunamis, tornadoes and hurricanes occur all of the time, all over the Earth. Very large hurricanes and very large earthquakes occur every few years. The damage to human development that they cause by them is simply a result of human beings being in their path. When the planet had a small human population, these events caused very little loss of life and destruction of human habitat. Now that the human population has exploded to massive numbers and people are building in very risky areas (such as along the seashore, or along tectonic-plate fault lines), the frequency and magnitude of the human and economic destruction caused by these expected natural events is increasing dramatically.

In the case of New Orleans, the risks were well known. The government had funded studies that described well what would happen if a “Category 5” hurricane hit New Orleans. When New Orleans was founded by the French in 1717-18, it was about ten feet above sea level. At that time, there was much marshland along the Mississippi River, and between New Orleans and the sea, to prevent massive flooding. Over the years, human development has destroyed much of the marshland, and the city has sunk to several feet below sea level over wide areas. An elaborate system of earthen berms, or “levees,” has been constructed to keep the sea out. It was understood that these berms would afford protection against a “Category 3” hurricane, but not against a Category 5 hurricane.

Well, Category 5 hurricanes do happen. They happen almost every year. It was just a matter of time until one hit New Orleans, and the city would be flooded. This was an event that was almost certain to occur, sometime. The city and state had requested funds to build stronger levees, but the federal government refused additional funding. The cost of the proposed project was an estimated 16 billion dollars. The economic cost of Hurricane Katrina has been estimated at 150-200 billion dollars – an order of magnitude higher.

So, the government knew that this could happen, and it chose not to spend additional money to reduce the risk of massive flooding and massive economic loss. Why? Well, contrary to what many people think, Washington is not run by fools. It is run by moneyed interests, and they are not stupid and they are not fools. They are clever, calculating capitalists. The government chose not to pay for dikes and incur the consequent large loss because that is what it prefers.

“How can this be?” you may ask. Well, it is very simple, really. The government’s primary measure of national performance is the gross domestic product (GDP) – the value of all goods and services produced in the country (“domestically”) in a year (or the gross national product (GNP), which includes the value of US-owned production overseas). The government does not care much about measuring wealth (physical assets), since those are in the main owned by the rich. If those assets are destroyed, it does not hurt the wealthy very much, since they are insured, and will be reimbursed by their insurers. Or they will set about creating / accumulating new wealth. About all that the government cares about is GDP (or GNP) – economic activity, not economic wealth. That is why you see, all of the time, statistics about GDP – how the economy “grew.” If GDP goes up, we are in an economic boom, and if GDP goes down, we are in an economic slump, or downturn, or recession, or depression. The government cares about GDP because the main result of GDP is increased wealth for the wealthy. Its primary concern is to keep people working, to serve the wealthy elite.

As I have pointed out before, a rather curious aspect of using GDP as a performance measure is that GDP increases if you destroy something and have to build it again. If you walk over to your neighbor’s yard and smash his car windshield with a baseball bat, then GDP will increase by several hundred dollars – the cost of manufacturing and replacing the windshield. If you burn his house down, that will boost GDP by the cost of replacing his house (say, a couple of hundred thousand dollars). Break your neighbor’s arm, and GDP will increase by the amount of the hospital and physician bills to treat it.

You can see where I am going with this line of reasoning: the more property damage that a hurricane or other “natural” disaster causes, the “happier” (better performing) the government is! This is a direct consequence of using GDP as the measure of national health / performance.

In the early days of my professional career, I performed a number of economic cost-benefit studies for the federal government. Cost-benefit studies are undertaken to help the government choose a preferred alternative (course of action) from a group of competing alternatives. Briefly, a cost-benefit study is an analysis that adds up all of the (near-term) economic inputs (costs) and outputs (benefits) associated with several different alternatives, in order to compare them. In a growth-based economy, the preferred alternatives are those that help the economy grow the fastest (in the near-term, short-run). For comparably-sized alternatives, the alternative that has the highest ratio of benefit to cost is then usually selected (unless there is an overwhelming reason (an “externality”) why it should not be). Apart from the issue of the economic efficiency of the alternatives (as measured by the cost-benefit ratio), the other major consideration is the total amount of economic activity associated with each alternative. In our growth-based economy, bigger is better. If two or more alternatives have similar maximal efficiency, then select the one that corresponds to greater economic activity (if you can afford it, i.e., if you have the required inputs). (I could get into a discussion here of Lagrangian optimization, but I will spare you the technical details.) In simple terms, with respect to Hurricane Katrina the federal government had a choice: (1) spend 15 billion dollars on improved levees for New Orleans; or (2) let the city be destroyed, and spend 150 billion dollars to rebuild it. From the point of view of the national accounts, the preferred choice is clear – do the thing that will result in a 150 billion-dollar increase in GDP, not the one that results in only a 15 billion-dollar increase. (To keep the exposition simple, I am ignoring the many potential risk-reduction steps that the government might have considered, such as preservation of marshes and banning of homes from beach-front property, and simply considering the options that are most frequently mentioned, viz., building or not building stronger levees.)

Most of the people who suffered physical hardships in Hurricane Katrina were poor – the ones lacking the financial resources to evacuate. They did not own significant assets (homes, businesses – or even cars and the wherewithal to evacuate). The assets that were destroyed were owned by wealthier people, who, by and large, had them insured. The wealthy were not physically harmed by Katrina (since they had the resources to evacuate prior to the storm), and their financial losses were insured. It is the wealthy who control government. From the point of view of the government, the hurricane was an economic boon, not an economic disaster. With respect to Hurricane Katrina, our plutocratic government served its masters – the oligarchs – well. You do not hear them complaining about the government’s response to Katrina, as they line up to receive lucrative reconstruction contracts.

The economy (GDP) will now grow by a couple of hundred billion dollars, as America rebuilds the property destroyed by Hurricane Katrina. By the way, in the above, I have focused on New Orleans. Along the Mississippi Gulf Coast, people were allowed to build homes all the way to the water’s edge. The hurricane blew these away. It was known that this would happen someday, but the government had no vested interest in preventing it. Indeed, quite the contrary, since GDP will now increase by the amount necessary to rebuild those homes (either in the same place or somewhere else), it had a strong economic motive in allowing it to happen.

President Bush and the other members of the wealthy elite may express their sorrow at what has happened, but it is exactly what they wanted – they are shedding “crocodile” tears. As GDP grows (because of the economic activity required to rebuild), the government, and the elite who own the country, will “laugh all the way to the bank.” Moreover, they will probably claim that there simply aren’t enough native-born Americans available to do the cleanup and rebuild all of what was destroyed (particularly since many of the dispossessed were unskilled), and so we will need to use aliens – even illegal aliens – to do the job.

Our economy is a “growth-based” economy. Its measure of performance is GDP – size of GDP and growth in GDP. Our economy is fuelled by population explosion, mass immigration, massive free trade, premature obsolescence, wars, waste and “natural” disasters – anything that results in increased economic activity. The government does not want a country with a stable population and goods that last for a very long time. It wants an exploding population and goods that obsolesce quickly (no matter what the cost to the environment or our culture). It wants wars (that use expensive weapons and destroy property). It wants “natural” disasters such as earthquakes, massive fires, and floods. It wants a massive alien invasion (legal or illegal – it doesn’t matter), which generates demand for houses, schools, roads and services. All of these things create new jobs, vastly bloat the level of industrial production, and create new wealth for the elite.

I know that some of my readers may have a hard time believing that our government has a vested interest in *not* avoiding damage from “natural” disasters. It is, however, true. If you wish to read more about the pernicious nature of a growth-based economy, consult *Beyond Growth* by Herman E. Daly (Beacon Press, 1996), or *For the Common Good* by Herman E. Daly and John B. Cobb, Jr. (Beacon Press, 1989, 1994), or *The Entropy Law and the Economic Process* by Nicholas Georgescu-Roegen (Harvard University Press, 1971, 1999).

Why Did the US Government Choose Not to Plan to Avoid A Clumsy Response to a Large Hurricane?

In the preceding discussion, I did not address the issue of the government’s slow and bungling response to dealing with the Hurricane Katrina refugees – I addressed just the issue of why it

was in the best interest of the government and the oligarchs that control it to allow the destruction to occur (by allowing development in areas that were at high risk of storm damage). Why, for example, since the government's own studies showed what was going to happen, did it simply let the refugees fend largely for themselves, dependent on the compassion and largesse of the private sector, instead of immediately relocating them in an orderly fashion to other parts of the country? This uncoordinated response does seem a little strange, since the economic activity associated with an efficient and prompt response would not have differed much from the helter-skelter nonresponse that was demonstrated. And why, since the cost of a fully interoperable emergency communication system is about the same as the Tower-of-Babel hodgepodge current system in which different emergency services cannot communicate with each other, did the government not fund the former instead of the latter? These slow, clumsy, uncoordinated, unplanned responses were evidently the result of thoughtlessness, inattention and incompetence – there was no strong economic incentive to respond otherwise. The point is that these two quite-different responses to handling refugees in the hurricane aftermath don't differ much with respect to their associated economic activity – they differ mainly with respect to the misery of the common masses, and that is not a great concern of the wealthy elite.

From an economic perspective, it was lucrative to let the hurricane destroy New Orleans and the Mississippi coast, so that the country could engage in the economic activity of rebuilding. It was rather irrelevant whether the refugees were cared for and relocated in an orderly fashion, or left to suffer and die on their own, since either one produced about the same amount of economic activity. From the government's viewpoint, however, there was a major public-relations cost associated with letting the refugees fend for themselves when it would have cost about the same to care for them properly: its total lack of caring has been exposed. This may cause the public to vote for new faces in the next election, but it will not cause any substantive changes to the system, or cause it to try to avoid economic disasters in the future. (Plato's observation about a democracy's defect of electing poor leaders who pander to the population are applicable here.)

In the case of the 9/11 attack on the World Trade Center, the government claimed that no one could have possibly foreseen an attack of this sort, and it refused to admit that the attack was a direct result of foolish national policies (of open borders, mass immigration, and massive international free trade). In the case of Hurricane Katrina, the government claimed that this is the nation's largest "natural disaster," and so it is reasonable to expect that their response to a new situation would be a little slow and uncoordinated. (Moreover, characterizing the disaster as a "natural" disaster absolves the government of any responsibility for it.) As in the case of the 9/11 attack, the political leaders will pat each other on their backs, commending themselves for a job well done, and denying their blatant culpability. The government has consistently condoned or encouraged building in risky areas. It not only does not care that people's homes in these places will be blown away someday, it looks forward to such events, since they will boost GDP. In today's economy, they also create more demand for illegal aliens (to help rebuild, doing the construction jobs that "US workers refuse to do") leading to further weakening and dissolution of the nation's once-strong culture. From the government's viewpoint, the human misery and loss of life that accompany these disasters are simply irrelevant "externalities." Like the soldiers who died in Vietnam and Iraq, they are not included in the GDP indicator that drives the nation.

President Bush may apologize for the bungling lack of coordination in planning for the handling of the refugees. He may even apologize for not building stronger levees. But the fact remains that he and the oligarchs were fully aware of the consequences of allowing the economic

destruction to occur (by allowing building in risky places), and they are now reveling in the fat contracts to rebuild New Orleans and the Mississippi coast.

The situation is a little reminiscent of the war in Iraq. The war is very profitable to the US arms industry, but the average American is getting fed up with having his sons and daughters die in brutal combat just to further economic activity in this lucrative sector. As a result, the war in Iraq will probably fizzle out before long, and America will withdraw, just as occurred in the war in Vietnam before it. The war in Iraq was planned from the beginning. Hurricane Katrina was just good luck.

One More Cost of Mass Immigration

My mother has an elderly friend who, in her younger days, ran a number of nursing homes. Not too long ago, she started having problems with arthritis, and she was prescribed a medicine called Bextra. The Bextra caused her to suffer a stroke, from which she is just now recovering.

While she was ill, her mother died. She did not have time to make regular checks on her mother's now-vacant home, and some illegal aliens (Mexicans) moved into the house. They trashed it.

She put it on the market to sell. The only offer she received was for less than the value of the lot! The offerer explained that she had two choices – either remove the house, which the Mexican squatters had trashed, or rebuild it for resale, which is what he was planning to do (with his son). She sold the house, at the offered price.

When I was young, in the 1950s, America was, in the main, a stable society. We did not have to worry too much about checking on our property every day. If some Mexican squatters had moved into Spartanburg, they would have been noticed immediately, and dispatched. Now, with our government's full cooperation, they are everywhere, and they are free to destroy as they wish. And, as I noted above, the more destruction, the happier the government and the oligarchs are. In this instance, the economy has just increased by the amount required to rehabilitate my mother's friend's health, and rebuild my mother's friend's house.