

# Profit system, not nature, main obstacle to rebuilding New Orleans

The Editorial Board  
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With each passing day, the immense scale of the devastation caused by Hurricane Katrina emerges more clearly, along with the enormity of the effort required to rebuild homes and social infrastructure for nearly two million people. Nearly 700 bodies have been recovered so far, and the death toll seems certain to mount into the thousands as houses cut off by high water become accessible to search crews.

The gigantic storm laid waste to 95,000 square miles. Within this vast territory, as large as Great Britain, there are many areas of near-total destruction. Waveland, Mississippi, on the Gulf Coast, has only two dozen residents remaining out of 7,000. All the rest are in shelters. Pass Christian, also on the Mississippi coast, has between 50 and 100 houses standing in a town once home to 8,500 people. Gulfport and Biloxi, the two largest Mississippi coast cities, are largely flattened.

The most extensive damage is in the New Orleans metropolitan area. One local emergency official estimated that in Orleans Parish alone, which includes the city, 150,000 houses are ruined and must be demolished, along with 163,000 wheeled vehicles—equipped with over 800,000 tires that must be disposed of—and 93,000 boats. Billions of dollars are required to rebuild the infrastructure of power generation and distribution, water supply, sewage treatment, roads and bridges, as well as to restore and upgrade the levee system. The city must remove an estimated 20 million tons of debris, much of it contaminated with toxic waste.

In St. Bernard Parish, Louisiana, a suburban area east of New Orleans, there are 52 structures undamaged out of 28,000, and the entire county is under water. Officials told an assembly of 3,000 displaced residents from the parish, held at the state capitol in Baton Rouge, that they would not be able to move back until next year—and there is little to move back into. The largely working-class area, with a pre-Katrina population of 66,000, could be further devastated if any more Gulf hurricanes develop this fall, because Katrina entirely destroyed the levees that protect the parish from storm surges.

Neither private charity nor insurance will cover more than a fraction of the immense costs involved in reconstruction. Insurance company liability is estimated at \$20 billion to \$40 billion, a large sum, but dwarfed by the \$200 billion-plus required to restore the losses incurred. Many parts of the Gulf Coast are woefully underinsured: of the 400,000 properties flooded in three coastal counties of Mississippi, only 21,600 had flood insurance, according to George Dale, the state insurance commissioner.

As for the outpouring of donations to the Red Cross and other charities, this far exceeds the record level of contributions after 9/11 and the Asian tsunami. These contributions, like the heroic exertions of rescue and relief workers, reflect the healthiest instincts of millions of working people: compassion, generosity, a sense of social solidarity. But the total raised by all charities will not even reach \$1 billion, less than FEMA spends in two days on emergency relief.

## Monopoly and inequality

Individual efforts to survive and rebuild, however determined, inevitably run up against an impassable barrier: the social structure of twenty-first century America, characterized by the monopoly ownership of society's resources by a relative handful of wealthy individuals and giant corporations, and the subordination of the whole of society to their anarchistic pursuit of profit interests.

Enormous resources are required, both for relief and reconstruction. These material resources exist in superabundance in America, the richest society on the planet. There are food, clothing, shelter, generators and other supplies aplenty for the suffering people of the Gulf Coast. But the bulk of these resources are in the grip of giant corporations that will only make them available if their profit interests are served. To do that requires money.

While \$200 billion is a vast sum for the poor and working class people who have borne the brunt of Katrina's devastation, it is less than the total cost of Bush's war in Iraq, and modest compared to the wealth accumulated by the capitalist ruling elite. The top echelon of American society, some one percent of the population, owns over 40 percent of the wealth. Excluding homes, and considering only financial and business wealth, this tiny fraction of the population controls 90 percent of the assets.

The \$200 billion to rebuild New Orleans could be obtained relatively easily from the current income of the super-rich. The top one-tenth of one percent of American households, 129,000 individuals and families averaging \$4 million annually, had a combined income of \$505 billion. They could contribute the full cost of rebuilding New Orleans this year, and still retain an average income of \$2.5 million—more than 50 times the level of the median working-class family!

The Bush Administration's 2001 tax cut provided \$555 billion over ten years to the top one percent of richest Americans. And the complete repeal of inheritance and estate taxes passed by the House of Representatives this year, now pending action in the Senate, would save the very wealthiest Americans \$290 billion over the next ten years, and \$70 billion a year thereafter—enough to rebuild a city like New Orleans every three years.

The Bush administration aims to do still more for the ruling elite: it aims to use the people of the Gulf Coast as guinea pigs in a series of policy experiments to determine whether public services like education and health care can be transformed into new sources of profit. According to a report Wednesday in the *Washington Post*, "Bush already has dispatched his top strategist, Deputy Chief of Staff Karl Rove, and other aides to assemble ideas from agencies, conservative think tanks, GOP lawmakers and state officials to guide the rebuilding of New Orleans and relocation of flood victims."

The *Post* cited the belief of Senate Republican leaders that "the recovery effort provides conservatives with an unusual opportunity to test ideas that

have been hard to sell on a national scope, including vouchers to cover education for dislocated students and tax incentives for business investment.” The White House has already suspended the Davis-Bacon Act, which mandates union-scale wages for workers on construction contracts, and it is considering a similar action on the McNamara-O’Hara Service Contract Act, which applies prevailing-wage rules to service jobs.

And it is not just the relief effort that is to be a source of profits for big business. The reconstruction is to be even more lucrative, as agencies like FEMA award tens of billions in no-bid cost-plus contracts that have already provoked an Iraq-style gold rush mentality among federal contractors.

In the context of this naked profit-grabbing, Bush’s repeated invocations over the past two weeks to the American people—“send cash,” delivered with his trademark smirk—are especially provocative. This mantra amounts to a ransom note on behalf of corporate America: “Pay us, and the victims of Katrina can be returned to a semi-civilized state of existence.”

Speaking on behalf of those who control the lion’s share of the resources of society, Bush browbeats working people who are struggling to make ends meet, suggesting that they, not the ruling class or the state, are responsible for saving the victims of Hurricane Katrina. But in a sense, Bush is admitting that the main barrier to rebuilding New Orleans is social rather than natural: the resources exist, the popular will and sympathy exist, only the profit system stands in the way.

## Anarchy vs. planning

And it is not just the selfish greed of the millionaires, but the intrinsic anarchy of a system in which every capitalist employer is engaged in bitter struggle to obtain as large as possible a share of the surplus value created by the labor of the working class. By its very nature, the reconstruction of a large urban area spread over hundreds of square miles, with complex interlocking systems of utilities, transportation, sewage and flood control, and other public services, requires careful planning. Decisions on water supply or housing affect each other, and both affect the ability of workers to return to their homes and their jobs, thus conditioning the labor supply available for further reconstruction efforts. But under capitalism, all these decisions are made separately, on the basis, for the most part, of the separate and conflicting business interests, making rational coordination and planning impossible.

The *New York Times*, in a remarkable article published Wednesday, gave an illustration of this social reality as it is manifested the medical system in New Orleans, one of the most advanced in the Deep South. Citing the hurricane’s devastation, the *Times* noted, “Although some local officials are calling for a central plan, decisions are likely to be based mainly on economic forces—not necessarily on the city’s health care needs. Deregulation at the state and federal level over the last few decades has meant that the main force in the hospital industry now is the invisible hand of the marketplace.”

“These are ad hoc decisions,” a Wall Street bond analyst who specializes in “nonprofit” hospitals (i.e., hospitals who earn profits for bondholders rather than stockholders) told the *Times*. The newspaper explained, “individual hospitals would decide, based on whether they had the wherewithal to rebuild and on their assumptions about whether there would be enough paying patients.”

The *Times* continued: “It is not only a matter of how many people return, experts say, but also whether they have jobs and health insurance. If a large number of people have no insurance or are dependent on public programs like Medicaid to pay for their care, private hospitals may not

have enough paying patients to warrant staying open.”

Nothing could be clearer: the decisions on what health care services will be available to the people of a rebuilt New Orleans will be made on the basis of private profit, not the needs of the city’s residents.

## What the socialists advocate

The *World Socialist Web Site* and the Socialist Equality Party reject the claim that the reconstruction of New Orleans must be subordinated to the capitalist market. Working people cannot allow the system that permitted and facilitated the destruction of a great city, with the loss of thousands of lives, to dictate the conditions and terms of its rebuilding.

There must be a massive commitment of the resources of American society to assure the following goals are realized:

- \* Restoration of the social infrastructure required for modern civilized life, including mass transportation, power, water and sewage, flood control, education and health care.

- \* The building of new, high-quality homes on high or flood-protected ground for all those displaced from New Orleans and its suburbs, as well as from the rural towns of the Mississippi River delta and the Gulf Coast areas of Mississippi and Alabama.

- \* Full compensation for the material damage suffered by the victims of Hurricane Katrina, including the losses of small businesses, professionals, farmers and fishermen, as well as personal and household possessions.

- \* The reemployment of all those whose jobs were destroyed in the devastation—400,000 at the initial estimate—as well as the creation of jobs for the tens of thousands of workers, both in New Orleans and the rural areas, who were unemployed at the time the hurricane struck.

The execution of such a program must be based on a comprehensive assessment of the natural and environmental issues posed in the rebuilding of the city and the coastal region as a whole. This requires the repudiation of the ban imposed by the Bush administration, at the behest of the oil companies, on any serious investigation into the consequences of global warming.

Above all, the rebuilding of New Orleans and the Gulf Coast shows the need for social planning, beginning with an exhaustive inventory of the material resources available: land, water, mineral assets, labor and equipment. This planning must be carried out democratically, with full consultation with the working people who live in the region and who will be at the center of the work of reconstruction. The anarchy of the market and the profit interests of corporate America must be subordinated to the needs of the people.

All these considerations are not limited merely to New Orleans and the Gulf Coast. They apply with equal force to American society as a whole. Tens of millions of working people have been subjected to an economic hurricane that has lasted, not for 24 or 48 hours, but for more than 30 years. During this time, living standards have stagnated or fallen backwards for the majority of working people, even as technology has been revolutionized and society as a whole has heaped up incalculable wealth.

From 1972 to the present, the top one percent have increased their share of the social wealth from 19 percent to 40 percent. This has come at the expense of the working people, both through the reduction of living standards, and the destruction of most of the social safety net created in an earlier period under the New Deal and Great Society reforms of the 1930s and 1960s. By this process, the ruling class has done far more damage to the fabric of American society than hurricanes, earthquakes, tsunamis—or terrorist attacks.

Poverty, oppression and social misery are not “natural” phenomena:

they are the products of a capitalist system. The mad drive for private profit conflicts at every turn with social needs. The experience of Hurricane Katrina must become a turning point in the history of the American working class. It must give an impetus for the development of a mass political movement of working people, based on a socialist program, and completely independent of the Democratic and Republican parties. Working people and youth who agree with this perspective and want to fight for it should join the Socialist Equality Party.



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