

New Orleans one year on: FEMA stonewalls recovery efforts

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A year after Hurricane Katrina devastated the Gulf Coast, the federal government continues to impede recovery efforts, particularly in the city of New Orleans. Reconstruction has gone forward in the interests of the wealthy and to the exclusion of thousands of poor and black residents, as the virtual collapse of entire neighborhoods on the east side of the city plainly demonstrates.

The Federal Emergency Management Agency (FEMA), responsible for disbursing the bulk of rebuilding and emergency aid, is denying billions of dollars for reconstruction of key infrastructure in economically depressed areas. Public entities such as roadways, bridges, schools, water, sewer, and power remain in shambles throughout much of the affected region for lack of adequate federal aid, significantly hindering the return of thousands of displaced residents.

Under the Stafford Act, FEMA controls funding, eligibility and reimbursement of state and local governments for disaster relief. In this way the federal government essentially determines the scale and direction of reconstruction by deeming certain projects ineligible or of low priority. In many cases, this is holding back vital recovery efforts in New Orleans and throughout the region.

Statements from FEMA officials suggest that this stonewalling is not the product of mere incompetence or bureaucracy, but part of a deliberate strategy to make it increasingly difficult for low-income residents to return to the Gulf Coast.

The *Washington Post*, for example, reported August 30 that the New Orleans Sewerage and Water Board, which lost \$446 million as a result of Katrina, has thus far been allocated only \$113 million in FEMA funds for repairs. According to the newspaper, FEMA now insists “the antiquated system is too big for the Crescent City’s reduced population.”

Gil H. Jamieson, FEMA deputy director for Gulf Coast reconstruction, while acknowledging that the \$113 million was insufficient for the project, justified withholding an adequate amount by stating that before Katrina the New Orleans city government had pledged \$640 million to repair the system.

Jamieson told the *Post* that “one of the toughest issues is: How do we not buy any city a completely new water and sewer system but in fact try to attribute how much it was damaged before the storm?”

“We want to give them what they deserve but ... make sure they are not getting more than they deserve, at some other community’s expense,” he said.

In other words, funding to repair the public utilities serving working class neighborhoods is being denied after the storm because they were dilapidated and in many cases under-funded before. Residents cannot return to repair homes without such elementary utilities in place, much less return to normalcy in their daily lives. In fact, the prevailing opinion of big business, articulated by appointed officials such as Jamieson, is that these Katrina survivors do not “deserve” normalcy, much less a higher standard of public infrastructure than before the hurricane.

The attitude is clearly expressed in the fund disbursement process, which Bush himself recently described as a series of “bureaucratic hurdles.” Last year Congress authorized more than \$110 billion in federal funds for reconstruction, but so far only \$44 billion has actually been disbursed, and a mere fraction of that has actually reached residents and small business owners in the Gulf Coast. Administration officials, defensive about the delays, insist that \$77 billion in FEMA aid has been “obligated” to state governments, but has yet to be disbursed.

According to a recent *Los Angeles Times* report, FEMA has “committed” \$35.4 billion of its \$42.6 billion Disaster Relief Fund for recovery of essential public infrastructure and emergency aid, but by some accounts less than \$22

million had actually been spent. Much of this was spent early on for emergency relief, while the allocation of the remaining funds has been stalled and withheld. The various classifications of fund status—authorized, committed, obligated—serve to obfuscate the disbursal process and has allowed for all manner of misappropriation and stagnation.

A report assembled by House Democrats and released on the anniversary of the disaster outlined many instances of FEMA mismanagement, beginning with staffing of the agency itself. Citing last winter's Congressional hearings on emergency response failings, as well as findings from the Government Accountability Office, the report identified \$7 billion flowing into wasteful, no-bid, and outright fraudulent contracts.

FEMA's handling of housing for survivors has been conspicuously wasteful and callous. In the immediate aftermath of the hurricane, for example, the agency reportedly paid nearly \$900 million for 26,000 manufactured homes, ostensibly in order to manage a shortfall in the number of government-owned and available travel trailers. These manufactured housing units, however, were inappropriate for use in the Gulf Coast, as FEMA regulations prohibit the use of such structures in flood plains. Thousands of the homes also exceeded FEMA size requirements.

According to the Democrats' report, the unusable trailers continue to be the object of exorbitant maintenance expenditures. Approximately 10,000 of the manufactured units are being stored at a field adjacent to the municipal airport in Hope, Arkansas, which a local hay farmer had previously rented from the city for \$5,000 a year. FEMA, however, agreed to pay \$25,000 *a month*, or \$300,000 a year, for the field. FEMA additionally paid \$272,000 on the construction of a road to access the site, \$58,000 in maintenance fees every three months, \$4.2 million for gravel. FEMA is reportedly drawing up plans for a 45,000 square-foot building to be constructed on the site, primarily for use as a storage and upkeep area related to the unused trailers.

Such waste is not limited to FEMA. The New Orleans *Times-Picayune* documented a massive boondoggle overseen by the Army Corps of Engineers, dubbed "Operation Blue Roof." In order to install government-supplied blue tarps to the roofs of badly damaged homes, the Army Corps issued contracts worth more than \$330 million to five large construction contractors in Mississippi and Louisiana.

In some cases, the installation of blue tarps cost more

than \$180 per 100 square feet—as much as local contractors charged for shingling roofs. The actual work was then reportedly subcontracted, and while the large contractors were raking in \$150 per 100 square feet, work crews were paid only \$10 per 100 square feet. Some work crews, braving extremely precarious sites and living in storm-ravaged areas, made as little as \$2 per 100 square feet.

Similarly, four large companies were awarded Army Corps contracts worth more than \$1.6 billion for debris removal immediately after Katrina. FEMA has paid an additional \$3.6 billion for debris removal throughout the Gulf Coast. Large corporations, paid between \$23 and \$30 per cubic yard of debris, subcontracted out to smaller firms for \$6 to \$10 per cubic yard, which in turn subcontracted out the actual collection work to haulers, who received only \$3 per cubic yard.

Some of the largest contracts were awarded on no-bid bases to large corporations with intimate ties to the Bush administration and the Defense Department before Katrina had made landfall. Bechtel, Shaw Group, Fluor Corporation, and CH2M Hill—all contracted for the lucrative reconstruction effort in Iraq—won contracts to provide temporary housing for hurricane survivors. Each housing contract originally had a \$100 million ceiling, but was subsequently raised to \$500 million, then raised again hundreds of millions more. In August of 2006, all four companies were again awarded FEMA contracts.

As in Iraq, the reconstruction effort in the Gulf has been one giant pretext for corporate looting. Similarly, in both cases the operations have resulted in huge profits for the corporate enterprises involved—in many cases connected to Bush administration cronies—while the general populations suffer under the weight of unbearable disrepair and misery. In both Iraq and the Gulf Coast this has resulted in thousands being displaced within their own countries.



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