

# Ten years since Hurricane Katrina: Part four

## A legacy of poverty and austerity in New Orleans

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26 October 2015

*This is the final part of a four-part series on the ongoing impact of Hurricane Katrina 10 years after the storm devastated New Orleans and other parts of the US Gulf Coast, exposing pervasive poverty, inequality, and government indifference to the collapse of basic infrastructure in America. Part one was published October 22, part two was published October 23 and part three was published October 24.*

During his brief appearance in New Orleans at the end of August, President Obama echoed the official refrain that the city is better off than it was before Hurricane Katrina. “And I’m here to say that on that larger project of a better, stronger, more just New Orleans, the progress that you have made is remarkable,” he told his audience at a community center in the still-devastated Lower Ninth Ward.

The real situation in the city is the opposite of the claim that, notwithstanding certain “mistakes,” the population of the city is, on the whole, doing better than before the storm. Long one of the most poverty-stricken cities in the country, New Orleans has been refashioned to suit the needs of the rich, pushing down the living standards of the working class to intolerable levels.

### The “new normal”—low wages, rising poverty

Ten years after the storm, the New Orleans metropolitan area still has fewer jobs than pre-Katrina highs, according to a report published in September by the *Wall Street Journal*. Employment figures for July 2015 showed that there were only 561,200 jobs in the local labor market, down from a high in 2001 of 635,000.

This smaller job market is now even more dominated by the city’s low-paying tourist industry. “Restaurants employ nearly 60,000 people, according to federal data, making up more than 10 percent of the 558,000 jobs in the region, a higher proportion than in 2005,” the *Journal* noted. Employees in the local hospitality industry make an average of only \$18,019 annually, a full \$6,000 less than the already absurdly low federal poverty line of \$24,250 for a family of four.

The dominance of the tourist industry in the meager local job market has contributed to an official poverty rate of 29 percent, around 10 points higher than the national average. The child poverty rate is even higher, 37 percent citywide and more than 50 percent for African-American children. However, even the official poverty rate, which is at pre-Katrina levels, leaves out the tens of thousands of former residents who cannot afford to return due to the lack of decent-paying jobs.

The number of such decent-paying jobs, which in New Orleans have traditionally centered around the oil, shipping and ship-building industries, has shrunk considerably. According to the Data Center, which studies demographic trends in the Southeast Louisiana region, the city’s water transport industry has lost 4,000 jobs since 2008, despite record

business for the Port of New Orleans. Meanwhile, the area’s only remaining shipyard, Avondale Shipyard in nearby Jefferson Parish, has been reduced to a skeleton workforce of 200 after its last major client, the US Navy, pulled out of the facility.

A recent report by the Brookings Institution found that only one third of all jobs in the city today are “good jobs,” defined rather conservatively by the Washington think tank as “full-time positions with benefits, offering a chance for upward mobility and not requiring post-secondary education.” The Brookings Institution also found that, out of the 50,000 jobs added to the local economy between 2010 and 2014, fully 70 percent were in industries that paid less than the area’s average annual wage.

For years, the city’s job market was partially shielded from the full effects of the financial crisis by increased demand in the labor market, particularly in the construction industry, relative to the diminished supply after Katrina. For a brief period after the storm, average annual wages in the city even shot up relative to the national average. While the significance of this trend was always overstated in the local press, eager to present the city as an economic outlier defying recessionary trends in the rest of the country, it had the effect of masking the full impact of the social crisis in the city, if only on paper.

This advantage has now definitively ended. The New Orleans area led the nation in total job losses over a 12-month period ending last July, according to the Bureau of Labor Statistics, driven by thousands of job losses in the construction, manufacturing and governmental sectors. Incredibly, the official unemployment rate nevertheless declined nearly a whole percentage point over the same period, to 6.4 percent, due to large numbers of people dropping out of the labor force. Meanwhile, the city’s average annual wage has long since dipped back below the national average and has remained virtually unchanged since just after the storm.

For the city’s black residents, who made up two-thirds of the population before Katrina and comprise 60 percent today, things are even worse. Racially linked inequities have worsened considerably since the storm as a consequence of 10 years of pro-market restructuring. Between 2005 and 2013, the median household income for white families increased from \$49,262 to \$60,553, while the median household income for black families remained virtually unchanged at the meager figure of \$25,102, according to the Democratic Party-aligned Urban League. Only 52 percent of black male adults in the city were employed at the time of the latest figures.

However, a narrow layer of upper-middle class blacks has benefited alongside its white counterpart from the restructuring of class relations in the city post-Katrina. From 2002 to 2007 alone, the number of minority-owned businesses grew, while total receipts increased by around 50 percent to \$3.1 billion. According to the Data Center, New Orleans now has the highest proportion of black people classified as “self-employed” of any city in the country, beating out fellow deep-South metropolis Atlanta, Georgia, long considered by many to be the center of “black capitalism.” Many of these layers of the aspiring black bourgeoisie,

grouped around organizations such as the Black Alliance for Educational Options, have profited from the privatization of the city's public schools.

Ten years into the city's "recovery," New Orleans is now home to Third World levels of social inequality. A report last year by *Bloomberg News*, based on demographic statistics kept by the CIA, found that New Orleans had the second-highest levels of inequality in the country, behind only Atlanta and comparable to income inequality in Zambia. The poorest 20 percent of households accounted for only 1.7 percent of the city's income, while the top 20 percent captured almost 60 percent.

Meanwhile, the city and the state of Louisiana as a whole have shot to the top of rankings by business publications of the "best places to do business" in the United States. The widespread political corruption and lack of infrastructure in the state, which has long discouraged companies from doing business in the region, is, in the minds of the ruling elite, more than made up for by the attacks on the working class.

### Charity Hospital and the dismantling of health care

Hurricane Katrina created an immediate public health crisis. In addition to the more than 1,800 killed throughout the Gulf Coast, tens of thousands of residents remained stranded in New Orleans amongst disease- and toxin-ridden floodwaters.

For those who survived, the psychological effects lingered for years: the suicide rate in New Orleans quadrupled immediately following Katrina, and one survey of residents conducted after the storm found that a third of respondents exhibited symptoms of post-traumatic stress disorder. A 2007 survey of FEMA trailers in Mississippi found that 70 percent of respondents showed signs of depression, while 24 percent had exhibited suicidal thoughts.

Yet it was precisely at this point that access to health care in the city was severely curtailed. Far from an inevitable, temporary phenomenon resulting from the destruction of the storm, the decreasing access to medical care, especially for the city's poorest residents, flowed from a deliberate policy pursued by the bourgeoisie and by local government.

One of most significant decisions made after the storm, with the most long-term effects for the city's health care landscape, was the closure of Charity Hospital in the city's downtown. One of the last vestiges of the social reforms enacted by Depression-era Louisiana Governor Huey Long, the state-run Charity Hospital and its sister facilities throughout the state stood as an outlier in the for-profit health care industry in the United States, a publicly operated hospital providing free medical services for the indigent.

Immediately after the storm, Charity Hospital was shut down and never reopened. The building, a massive high-rise with nearly 2,700 beds, spanning an entire city block, was condemned on fraudulent grounds, despite the fact that independent studies showed it was structurally sound. A replacement hospital, publicly funded but privately operated, was only recently completed, a full 10 years after the closure of the hospital it was ostensibly meant to replace. The Charity Hospital campus today lies empty. Occasional proposals to convert the building into apartments have yet to materialize.

In 2013, the remaining facilities in the Charity Hospital network throughout the state were sold off to private entities by Governor Bobby Jindal. The dismantling of this key social welfare program, on which thousands of poor residents had come to rely, was done in such haste that the successful bids had entire pages that were simply left blank. At the same time, Jindal, who has opposed the pro-corporate Affordable Care Act (commonly known as Obamacare) on a right-wing basis, is one of several governors who have opted out of an increase in funding for

Medicaid, the federal-state health care program for the poor, which accompanied the passage of the bill.

The remaining health care infrastructure in the city was reduced and consolidated. Baptist Hospital in uptown New Orleans shuttered its campus in Mid-City, the 187-bed Lindy Boggs Medical Center, and was later acquired by Ochsner, a nearby hospital in suburban Metairie. At the same time, New Orleans has seen a proliferation of small "community" health care clinics, offering cheaper and less comprehensive care as a substitute for medical care at hospital facilities.

### Conclusion

The sudden shock of Hurricane Katrina exposed the rot at the heart of American capitalism. Decades of social neglect, the staggering growth of social inequality, the putrefaction of American democracy, and the domination of every facet of social life by a narrow and parasitic layer of financial speculators was laid bare before a shocked American and world public. For millions of people around the world, already horrified by American imperialism's criminal adventure in Iraq, Katrina demonstrated that the American ruling class was no less hostile towards its own working class.

This rot has spread geometrically in the years since then. Since the onset of the 2008 recession, the attitude of the ruling elite towards Katrina, which saw it as an opportunity to open up further opportunities for profit, has been replicated in every facet of American life. Instead of responding to the recession with a public works program or other measures to alleviate the distress of the working class, American, and, indeed, world capitalism, with Obama at the head, has responded with a fundamental restructuring of class relations, aimed at nothing less than the dismantling of every gain made by the working class in over a century of bitter struggle.

The working class must assimilate the lessons of Hurricane Katrina in order to politically arm itself for the class battles ahead. The roots of the catastrophe go far deeper than the subjective policy decisions of this or that politician or well-connected businessman. At its core is the breakdown of an entire social system: capitalism.



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