

Platt – Disasters and Democracy: The politics of Extreme Natural Events – Chapter 1

This reading traces the development of federal disaster relief and examines the issue of moral hazard. The discussion of moral hazard caught my attention. The critique is that by giving generous disaster relief the federal government is incentivizing development in hazardous areas. This can lead to a cyclical process of destruction, relief, reconstruction, and destruction again.

I saw this cycle in action during both hurricane Hugo and the Midwest floods of 1993. Friends in South Carolina had a vacation home on the beach. Hugo consumed their beach and damaged their house. They received federal money to rebuild. The government spent millions of dollars to restore the beach.

Co-workers of my wife's parents were affected by the Midwest floods of 1993. This was the second flood that damaged their home. Rather than move, both times they chose to stay and rebuild because of their National Flood Insurance Program (NFIP) payments. Platt described the development of these policies over time and the political realities that keep them in place.

In the 1950s, the Disaster Relief Act was passed provide emergency assistance and repairs to local infrastructure. Over time the scope, amount, and raison d'être for federal disaster assistance have changed. The narrow scope of relief provided by the Disaster Relief Act rapidly expanded to include many kinds of individual and public assistance. Both programs are provided contingent on a 25% cost share provided by the local government. In practice this 25% is not enforced. Individual assistance has eligibility requirements. Public assistance does not have this requirement. This can result in wealthy communities receiving federal money even if they could afford insurance.

The amount of money distributed has increased. When a disaster strikes, governors can request a presidential declaration. The request is funneled through FEMA and passed on the President for action. The decision whether to issue a declaration is a political choice. The types of disasters which apply and the percentage of approved requests have increased.

Politics has also influenced the reason federal disaster relief exists. Platt's example of the 1988 Stafford Act prohibiting the use of an "arithmetic formula or sliding scale" to deny disaster assistance shows this most clearly. When Congress denies FEMA the ability to use an objective process to determine if a presidential declaration should be issued, it shows that this relief has moved from a supplemental role to that of an entitlement. The National Flood Insurance Program is another example of this movement towards entitlement. This program provides low-cost flood insurance, no matter how many losses a property claims and with little increase in premiums.

As it stands now, federal disaster relief encourages future disasters. Instead, benefits should be tied to vulnerability reduction and hazard mitigation programs. Federal money should not replace spending at the local level. Perhaps the NFIP should buy damaged homes (eminent domain) instead of paying to rebuild the homes in known hazard areas. All of these, while politically difficult, would help slow the development of vulnerable areas such coastal regions.