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Leave New Orleans to Private Development **by Sheldon Richman**

In the Alice-in-Wonderland world of politics, when government fails, and fails spectacularly as it did with Hurricane Katrina, the only thing to do is give it gobs more money to make everything right.

But when has government made anything right? Even when it seems to do something worthwhile, we soon discover the horrific unintended consequences of its actions. On net, government as we know it is a liability, not an asset.

All levels of government screwed up royally just before and after Katrina. Now we are learning how badly it failed long before Katrina did her dirty work. We learned that the Army Corps of Engineers, the largest barrel of pork in the federal government, spent hundreds of millions of dollars doing everything in New Orleans *but* preparing the levees for the Big One. Louisiana Senator Mary Landrieu waxed indignant all over television about her state's being wronged by the people in charge. What she doesn't say is that *she* is one of the people in charge. The *Washington Post* reported that when the Corps found a \$194 million canal-deepening project near New Orleans a waste of money, Landrieu had an Iraq-spending bill amended to require the Corps to "redo the calculations." There is nothing exceptional here. It's what members of Congress do. The recently passed transportation bill was little more than a bundle of expensive favors to help particular members of Congress get reelected.

Now we learn from hurricane experts at Louisiana State University that New Orleans was not flooded because Katrina's storm surge overflowed the levees. That was the bogus story put out by Corps, but the LSU experts say the surge was not that bad. The problem was poor design and construction, which caused the Corps's levees to break. In other words, the Corps did a rotten job then misled the public. It's a government agency, all right.

This abject failure provides the context in which to judge President Bush's plan to rebuild New Orleans and the rest of the storm-damaged Gulf coast. There are two issues here: the propriety of forcing American taxpayers to foot the (at a minimum) \$200 billion bill, and the government's competence at rebuilding a city. The two are closely related.

Why should the taxpayers be on the hook for rebuilding the region? Roads, sanitation systems, and the rest are prime candidates for privatization. Short of that, these are local and state matters. Neither should private homes and businesses be the responsibility of the taxpayers. The federal flood-insurance program has never been operated on a market basis; rather, it has functioned as a subsidy to people who live in flood-prone areas. If people want to live in such areas, they should pay the full market-determined insurance rates, take their chances, or move to higher ground. Similarly for assistance to individuals — medical care, job training, housing, education; that is what the private sector, for-profit and nonprofit, is there for. Leave the taxpayers alone.

As for competence, why would anyone think that politicians and bureaucrats know what should happen with New Orleans and the other areas now? This would be a good question even if we weren't talking about one of the most corrupt states in the country. New Orleans became what it was largely because government, spending other people's money, underwrote flood control. That socialization of costs distorted people's decisions and set the stage for Katrina's death and destruction. A new disaster will be in the making if the government repeats that mistake. The city and other areas should be left to private self-interested development in which people face the true costs of their choices. Only then will sensible decisions be made. The last people we should want determining New Orleans's future are politicians. Central planning is a bad idea whether it is done by Soviets or Americans.

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