

Center for American Progress



Lessons from History:

A Blueprint for Revitalizing
the Gulf Coast

Allida Black, Ph.D.
The George Washington University

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While the Chicago Fire of 1871 and the San Francisco Earthquake of 1906 are most often mentioned as the historical precedents the government should examine as it prepares its response to Katrina, they offer no useable parallel other than disasters provoke intense urban riots that require military policing and that independent commissions are essential to assessing the government's response.

Instead the programmatic response most worthy of early responders and policymakers' attention are the lessons federal and state policymakers learned as they responded to the man-made crises of the Great Depression and the period's extraordinarily devastating natural disaster, the Dust Bowl.

When Franklin Roosevelt marshaled resources to combat national unemployment and poverty figures that rival those of contemporary New Orleans, he commanded his response team to fix programs that were "scattered, uneconomical and unequal." Returning to his campaign call for "bold, persistent experimentation," FDR viewed the dislocation, devastation, and social and economic havoc of 1933 as a national disaster whose hemorrhaging must be stemmed if our faith in capitalism and compassion was to survive. Not all of his policies worked, but those that did succeeded not only in putting people to work, expanding and protecting homeownership, shoring up private industry, returning the Gross National Product to its post-crash level – but, perhaps most important, restoring people's confidence in themselves and in government.

I am not arguing that we should revitalize the New Deal or that 70-year-old policies supporting an unprecedented degree of federal intervention will work in a contemporary environment. Rather I am arguing that careful review of their successes and failures provides valuable lessons to those charged with forging and coordinating the public and private sector's response to both the horrific destruction Katrina caused and the underlying social and economic factors which compounded its devastation.

An examination of five policies – the Federal Housing Authority, the Civil Works Administration, the Public Works Administration, the Civilian Conservation Corps, and the response to the Dust Bowl – offer essential, effective guidance on how to revitalize (not just rebuild a region teetering on the edge of poverty) a region so important to our culture and our economy.

Recovery cannot begin without relief and cannot last without reform.

Housing:

In 1932, banks had foreclosed on 250,000 homes. In one day alone, banks foreclosed on one quarter of the state of Mississippi. By June 1933, more than a thousand homes a day were sold on the auctioneer's block. Enacting temporary measures such as the Emergency Farm Mortgage Act and the Home Owners Loan Corporation Act, FDR stemmed the tide of foreclosures until 1934, when Congress passed the Federal Housing Act, which stabilized the housing sector. Not only did HOLC protect property in danger of default, but, to quote the historian David Kennedy, it "improved lending institutions' balance sheets by refinancing shaky mortgages." The following year, the FHA reorganized the banking sector in ways that pleased both bankers and homeowners. Mortgages made by savings and loans were guaranteed; down payment requirements were reduced from 30 percent percent to 10 percent percent; loan repayment periods were extended from 20 to 30 years, and professional inspectors were required to examine each home to insure that minimum construction standards were met. The FHA also gave us Fannie Mae, which allowed lenders to resell their mortgages and thus increase their liquidity and their ability to extend more capital to property buyers. The policies worked. HOLC refinanced more than 10 percent percent of the nation's homes and made homeownership more affordable for members of the lower middle class. Those excluded (or those public housing and low-income dwellers whose needs were barely addressed under the sparsely funded Wagner Stegall Act) are those most at risk in Katrina's region. Any effective policy today must address their needs – and fund them adequately.

Relief. Recovery. Reform.

Employment:

Convinced that the dole (cash payments without work) acted as "a narcotic" that "destroyed the human spirit," FDR insisted that relief be work-based whenever possible. The federal response must not only preserve people's health but underscore "their self-respect, their self-confidence, their courage and determination."

More than 50 percent of young men under the age of 24 were unemployed and undereducated. About 250,000 roamed the nation with nowhere to settle. To stem juvenile delinquency and idleness, the Civilian Conservation Corps took 300,000 young people, housed them in military-style camps, put them to work on environmental projects, and divided their wages between themselves and their families. However, its educational programs were its most effective legacy. Within three years, it taught 35,000 young people to read and write; they received 1,000 high school and 29 college diplomas, which they earned at night after their day's work was completed.

Title II of the National Recovery Act authorized FDR to spend \$3.3 billion on a massive *but necessary* public works program. Working with a skilled and unskilled labor force, the Public Works Administration built a decentralized program that encouraged federal support and monitoring of projects state governments deemed essential. Some of these projects were massive infrastructures (the Hoover, Grand Coulee, and Tennessee Valley

Authority dams, and thousands of miles of railroads) while others served immediate needs closer to home: 522 public schools, 87 hospitals, 600 municipal water systems, 433 sewer systems, and 360 state highway projects. A few, like slum clearance projects in Atlanta, helped introduce affordable housing to infected, dilapidated neighborhoods. Yet the money went to industries providing the construction equipment before it trickled down to unemployed workers, so the need for additional employment mechanisms became readily apparent.

On May 12, 1933, FDR authorized Harry Hopkins to follow three key principles when establishing the Federal Emergency Relief Administration: relief must be adequate, it must require work for all those able to work; and the work should be diversified enough so that the worker's skills could be preserved and enhanced. Federal funds were given to state and local agencies to put people to work. Working at a desk in a White House hallway, Hopkins dispensed \$5 million in two hours. Within two months, this progressive response placed more than a million Americans in jobs designed to combat the poverty, environmental and economic crises, and dislocation they faced. While the stipends workers received helped, states still reported high levels of unemployment and increasing need.

By the fall, it was clear the situation demanded further response and that the federal government should control the projects. Within a month, taking half its employees from relief rolls and half from those not so direly unemployed, Hopkins hired almost four million men, paid them minimum wages rather than a sub-minimum stipend, and put them to work building 500,000 miles of road, 40,000 schools, 3,500 playgrounds and sports venues, and teaching in 50,000 classrooms. Here the federal government managed the programs, working with the states to determine which projects they needed. By putting a billion dollars back into the economy, it helped many parts of the nation survive the winter of 1933-34. Despite its popularity and effectiveness, FDR hated the price tag and feared that the program created a class permanently dependent upon government employment. He ended the program, and by early April 1934, 4,200,000 men rejoined the unemployment line.

By May 1935, Roosevelt knew that he had to enter the adult employment arena again, despite his concern for the cost. Executive Order 7034 established the Works Progress Administration which, in its six-year history, put 2,112,200 people to work building 2,500 hospitals, 500,000 miles of road, 1,000 airports, 5,900 schools, and 85,000 courthouses, police and fire stations, and football stadiums. Determined that most of the federal dollars would reach workers' wallets rather than industrial coffers (and thus be partially recycled to the federal Treasury), workers had to pass a means test (and thus be removed from the unemployment line). Yet although federal funds supported the project, local governments supervised the hiring and firing of the workforce – a decision which encouraged pork barrel projects and corruption noticeably absent from the WPA's predecessors.

Recovery must include innovative relief plans and patronage must be kept to a minimum.

Disaster Relief:

Some 97,000,000 acres of land in Colorado, New Mexico, Kansas, Texas and Oklahoma endured a four-year drought that most ecologists list as one of the three most significant disasters in human history. Industrial, technological and economic factors combined with incessant wind abetted this relentless storm, crippled rail traffic and electric power, and spurred the evacuation of dramatic proportions of Kansas, Oklahoma and Texas. Although some displaced farmers merely moved to neighboring towns to work in PWA, WPA, and CCC projects, others, like Steinbeck's Joad family, roamed the country, despairing over their lost farm, mourning their way of life.

FDR responded to this crisis by adopting most of the conservation and land use recommendations proposed by Lewis Cecil Gray. As Donald Worcester describes, the Land Utilization Project had three stages: the federal government would insure that lands in the public domain would remain so in perpetuity; the federal government would purchase exceedingly unproductive and abused land and convert it to public domain; and lastly, the government would enable decentralized county committees (composed of rural farmers, rather than dominated by elected officials and industrial representatives) decide how to place and coordinate industrial agriculture and federal relief programs. FDR adopted the first two and refused to entertain the third. Consequently, a halfway effective solution emerged. While the government took more land out of cultivation to replenish the soil and balance the ecosystem, it refused to implement safeguards necessary to prevent available lands from falling under the control of large industries more concerned with maximizing profit than moderate economic gain and the long-term environmental stability of the region.

Relief, recovery, limited reforms.

Applicable Lessons:

All of these services are needed along the ravaged areas of the Gulf Coast and can offer lessons on revitalizing depressed communities.

Progressives are not calling for a "new" New Deal. Rather, taking inspiration from FDR's admission that "I am that kind of liberal because I am that kind of conservative," we strongly advocate a federal *and* private sector response to the crises Katrina wrought on Alabama, Louisiana and Mississippi. Indeed, the successes and failures of this old prototype offer important lessons for those charged with crafting today's government and corporate response.

First, build to last. More than 70 years later, most of these structures are still in use. This means limiting patronage allocations, working with states and local communities to determine need, and keeping close watch over the monies requested and spent. (While the mobile home communities FEMA is establishing in Sidell, Louisiana, are a good first step to get people out of shelters, in no way should they be intended for permanent occupancy. They are a way station, not a housing development).

Second, federal dollars should go to private firms engaged in projects proposed by local governments. More than 70 years after the New Deal, scholars on all sides of the spectrum agree with Jeanne Clark that, even with the massive amount of money involved, the projects “were almost corruption free.”

Third, spending on major projects helps industry before it alleviates the suffering of the displaced. Current policy must include mechanisms to house, feed, train, and employ displaced people immediately.

Fourth, money earned should, to all degrees possible, remain in the affected communities. Current policy should employ those residents who want to remain, if necessary provide them the additional skills training necessary to do so, and thus keep more money in cash-starved communities.

Fifth, ecological protections must be paramount when rebuilding industries which helped exacerbate the impact of horrific natural disasters.

Sixth, revitalize – don’t just rebuild. The region’s economic and physical infrastructure increased its vulnerability.

When Katrina’s power sent water and wind cascading through the region, it ravaged the nation’s poorest regions and many of its most vulnerable citizens. Sixty-nine percent of African-American children in Louisiana live below the poverty line. More than 47 percent of the elderly people Katrina targeted in Alabama, Louisiana, and Mississippi are disabled. In addition to those poor residents in New Orleans who could not afford the gas necessary to evacuate, another 9 percent did not have access to an automobile. They are the Okies (the more than 250,000 tenant farmers and sharecroppers who loaded what they could carry into suitcases and bushel baskets and followed Route 66 west searching for work) of the twenty-first century.

Just as rebuilding programs must address more than housing and commercial interests, job skill programs should offer training for more transferable and marketable skills. In short, help the displaced help rebuild their communities in ways that address the Depression-era unemployment statistics.

Thus, the current response is counterproductive.

While it sends federal emergency housing to the region, it could partner with private corporations and non-profit organizations equipped to train citizens to hold jobs essential to the region’s recovery as well as offering temporary incentives to private firms to hire and train displaced residents to assist in their relocation projects.

While its National Emergency Grant helped 37,500 people get temporary employment, more than 400,000 of those displaced worked in low-skilled positions in industries unique to the region. The positions offered are extremely unskilled and very short term – i.e. feeding and clothing those who still remain in temporary shelters. Attempts to match

employers with the unemployed disproportionately rely on the Internet and assume that those displaced are computer literate and have access to computers.

In its attempt to speed up its disaster response, contractors received authorization “to spend up to \$250,000 on Katrina-related contracts and purchases, without requiring them to seek competitive bids,” and permission to ignore the Davis-Bacon Act requiring “federal contractors to pay the prevailing wages in their communities.”

The immediate focus remains a mélange of stop gap measures – expanding unemployment benefits, extending the Work Opportunity Tax Credit to cover those in Katrina’s wake, waiving penalties for early withdrawal from IRAs and increasing charitable deductions for food and books.

Unemployment checks, food stamps, and Medicaid help; but they are a temporary solution at best. If it will be months (if not longer) before people can return to their old jobs, why not help them develop job skills which they can put to use sooner and with more monetary and psychological reward? In short, both immediate and long-term systematic change in relief, job training and tax policy is essential to the revitalization of the Gulf Coast.

While we investigate how the system failed, we should apply lessons from how the system worked in past emergencies and tailor them to today’s economic and political policies. Some responses do not require policy changes. Some do.

Within the existing policy apparatus, those charged with coordinating the federal and state responses should:

- Partner with local and national organizations who can train those who want to return to help rebuild their communities.
For example, Habitat for Humanity is making thousands of ready-to-be-assembled homes for shipment to the region. Let those who want to return home work with Habitat, skilled volunteers, and the construction trades and similar organizations not only to learn basic carpentry, electrical and plumbing skills but also to help rebuild the communities they loved.
- Build on the response to Hurricane Andrew and house those who wish to return on BRACed military installations, communities of Quonset huts and mobile homes, insulated tents with wooden floors, while they engage in reconstruction work – and until their permanent residences are rebuilt.
- Secure the cooperation of those building supply corporations with branches in the region to assist in training returning citizens and offering essential supplies.

- Encourage communities across the country to adopt a community under reconstruction or an organization dedicated to that community.
Just as schools, churches, civic associations, and professional groups responded after 9/11, a nationwide campaign should challenge them to do so again.

As we begin to address the region’s long-term policy needs, both the president and Congress should assist state and local leaders by:

- Enforcing the special mortgage insurance provision specified in 203 (h) and 203 (k) of the National Housing Act
- Extending the 90-day moratorium on foreclosures of mortgages
- Increasing the Public Housing Capital Fund Reserve for Emergencies and Natural Disasters
- Using Job Corps funds to provide job training to displaced residents who need to return home and help place them with employers engaged in rebuilding their communities.
- Constructing rental or single-family dwellings that meet the needs of the disproportionate number of disabled residents, e.g., requiring that entry doors can accommodate wheelchairs and walkers.
- Offering temporary tax credits to those employers who hire returning residents and offer them on the job training and supervision.
- Reinstating Davis-Bacon to insure that those working to rebuild their communities receive wages that at least reflect the prevailing wage rates of the communities in which they live
- Including adult education opportunities in every feasible setting by offering evening courses, distance learning instruction, and high school equivalency preparation.
- Providing health coverage to those who are uninsured through Medicaid.

Only then will we begin to address in a comprehensive way what it takes to honor work, respect community, protect families, and make democracy live up to its potential.

As Eleanor Roosevelt often said, “we are all on trial to show what democracy means.”

About the Author

Allida M. Black is Project Director and Editor of The Eleanor Roosevelt Papers, a project designed to preserve, teach and apply Eleanor Roosevelt's writings and discussions of human rights and democratic politics, and Research Professor of History and International Affairs at The George Washington University. Professor Black is the recipient of the Millennium Medal from The George Washington University, the 2001 Person of Vision Award from the Arlington County Commission on the Status of Women, and the James A Jordan Award for Outstanding Dedication and Excellence in Teaching from Penn State University, Harrisburg. She has received the JNG Finley Postdoctoral Fellowship at George Mason University, a Postdoctoral Fellowship at the National Museum of American History of the Smithsonian Institution, as well as fellowships from the Franklin and Eleanor Roosevelt Institute, the Gerald R. Ford Foundation, the Harry Truman Foundation, and the United States Information Agency. She received her Ph.D. from the George Washington University in 1993 and an honorary Doctor of Humane Letters from DePaul University in 2001. Her publications include four books -- *Casting Her Own Shadow: Eleanor Roosevelt and the Shaping of Postwar Liberalism* (Columbia University Press, November 1995), "What I Want to Leave Behind:" *Democracy and the Selected Articles of Eleanor Roosevelt* (Carlson Publishing, April 1995); *Courage In A Dangerous World: The Political Writings of Eleanor Roosevelt* (Columbia University Press, 1999), and with Jewel Fenzi, *Democratic Women: An Oral History of the Women's National Democratic Club* (WNDC Educational Foundation, 2000) and as well as a variety of articles. Oxford University Press will publish *Human Rights: Pages from History* in 2006 and *E.R.: Eleanor Roosevelt, Politics and the Dream of Democracy* in 2008. Her biography of University of Tennessee basketball coach Pat Summitt, *Reach for the Summitt: Pat Summitt and the Battle for Title IX* will be published by University of New Mexico Press in 2009.

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Center for American Progress
1333 H Street, NW, 10th Floor
Washington, DC 20005
Tel: 202.682.1611 • Fax: 202.682.1867
www.americanprogress.org