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CATO Economist: Time to Get Rid of ‘Slow, Disorganized, Profligate’ FEMA

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By [Barbara Hollingsworth](#)

(CNSNews.com) - "The Federal Emergency Management Agency's (FEMA) large and growing budget consists mainly of counterproductive and inefficient aid programs that should be eliminated," says Chris Edwards, a former senior economist on the congressional Joint Economic Committee.

He advised Congress to shut down the federal agency in a Nov. 18 policy paper entitled *Floods, Failures and Federalism*.

Even worse than FEMA's "slow, disorganized and profligate" track record is the fact that it is undermining the time-tested role of state, local and private institutions in disaster relief, Edwards, who is now at the CATO Institute, told CNSNews.com.

"One of the problems with FEMA is that things could get a lot worse," Edwards pointed out.

"We spent billions bailing out after Hurricane Katrina and Hurricane Sandy. The problem is that this is creating precedent so that more and more, [after] minor storms and minor emergencies around the country, an increasing response is that the local politicians immediately start lobbying Washington for a bail-out.

"I think this is terrible; it's a very slippery slope here. And it's a really bad precedent for the federal government to more and more start intervening in local affairs," he said.

"Think about how the private sector does it. If there's a big hurricane in Florida and let's say power is out for hundreds of thousands of homes, there are state-by-state agreements where the electric utilities from other states will rush into Florida and help get the power back on. So that's an example of a horizontal relationship that works really well.

"And we don't need the federal government involved. The states can do it themselves."

"If we eliminated FEMA, states would have a strong incentive to step up and plan for their own emergencies in the future. And one of the positive developments is that the states now have sort

of a national compact called [EMAC](#) (Emergency Management Assistance Compact), which is a formal agreement where they come in and help each other after disasters. And that's the way to do it."

The federal agency, which was established in 1979 by an executive order of President Jimmy Carter, was transferred to the Dept. of Homeland Security in 2003. But FEMA is a prime example of a government bureaucracy that winds up doing more harm than good, Edwards says.

"Everyone remembers the federal government's disastrous [response](#) to Hurricane Katrina in 2005, but that wasn't the first time that FEMA has been slow and disorganized after major disasters," he told CNSNews.com.

"For example, after Hurricane Andrew in 1992, FEMA was roundly criticized for its terrible response.

"The big picture here, though, is we really don't need FEMA. What FEMA does is just simply transfer federal taxpayer money to state and local government and individuals after disasters.

"Well, in the past, it was state governments and private charities that helped people after disasters, and that system worked better in my view," he said.

"Some people might think that we need FEMA because FEMA has first responders that can help after disasters. Well that isn't true. FEMA isn't a first-responder organization. FEMA is a money-transfer organization. "

"They don't help fix the problem," Edwards pointed out. "All they do is channel money. FEMA is one of those many federal agencies that really is duplicative of state, local and private activities, and we don't need it."

Besides duplication, having FEMA in the picture also tends to suppress the response of state and local governments and charitable organizations who have historically been the main providers of disaster relief, noted Edwards,

"You see this in many different areas of federal activity. Economists use the phrase 'crowding out.' The more the federal government intervenes in activities, the more it crowds out the more traditional American decentralized response to problems, and it's really a corrosive thing for the Republic."

In many cases, he pointed out, FEMA actively prevents emergency disaster relief from reaching the very people who desperately need it.

"We saw after Katrina that many private organizations, like Wal-Mart and Home Depot, rushed in supplies and did an awesome job. But in numerous instances, FEMA went out of its way to block these private efforts," he told CNSNews.com.

“One well-reported incident was a Methodist hospital that wanted to ship emergency supplies from out of state, but FEMA blocked them. You had cases where transportation companies wanted to help by bringing buses into New Orleans to help evacuate people. FEMA blocked them. You had doctors showing up in New Orleans from around the country to help, and FEMA would block them if they weren’t on some sort of official list of approved doctors. It goes on and on.

“So one of the dangers, it seems to me, is that FEMA, like all federal bureaucracies, gets sort of power hungry and tries to control everything and ends up mucking up the works.

"A system of disaster response that is decentralized and based on the wonderful, charitable instincts of Americans voluntarily contributing, with state and local governments taking the lead, that is a system that could work better.”

Eliminating FEMA and decentralizing disaster relief would also save taxpayers billions of dollars, said Edwards, who is the author of [*Downsizing the Federal Government*](#).

“At least \$2 billion was just sort of purely wasted [after Katrina]. There was never really any final accounting. A lot of the waste was fraud. You see this after a lot of disasters where FEMA rushes in because there’s pressure from Congress to push money out the door. And unfortunately, many people make claims for damage that never happened.”

“It’s a sad commentary on American society. A century ago, when we had major disasters such as the San Francisco earthquake in 1906 and the Great Easter Flood in 1913, there were actual reports at the time that people wouldn’t accept aid from outside, or only take some of it and give back what they didn’t need, because of pride.

"These days, it seems that every federal subsidy program attracts a huge amount of fraud artists.”

Edwards also criticized the heavily subsidized, 1960s-era National Flood Insurance Program, which he says has “backfired”.

“We have an increasing number people living in dangerous places up and down the seacoast and on floodplains along rivers who are encouraged to stay there by federal flood insurance,” he told CNSNews.com.

“This is an example of a federal program that neither economists nor environmentalists like.”