

The Peculiar Politics of American Disaster Policy

David Moss
Harvard University

Abstract

Since the 1960s, the federal government has played a significant role in financing disaster losses. The government may thus be thought of as providing an implicit form of public disaster insurance. However, unlike many other public insurance programs (such as unemployment insurance and deposit insurance) which collect premiums to cover expected losses, federal disaster “insurance” collects no premiums other than for flood risk. And even in the case of the National Flood Insurance Program, insurance premiums are heavily subsidized.

Why doesn't the federal government administer its disaster expenditures in line with conventional insurance principles, instead of funding them mainly out of general revenues (and borrowing) and typically on the basis of emergency supplemental appropriations? One reasonable answer is that this is simply a story of concentrated benefits and diffuse costs. Those living in hazard-prone areas have much to gain through federal disaster payments funded in this way (and thus pressure their representatives accordingly), whereas the cost to the general taxpayer on a per capita basis is relatively small, at least for any given disaster. One problem with this explanation is that other public insurance programs with similarly concentrated benefits, such as unemployment insurance, are funded on the basis of reasonably fair premiums, rather than out of general revenues. Why is public disaster relief financed differently from public unemployment benefits?

Adding to the puzzle of federal disaster policy is the role of the media in reporting on natural disasters. As is well known, major disasters are often heavily covered in both the local and national media. In fact, it is commonly claimed that the rise of television coverage in the 1960s and 1970s, which offered vivid pictures of the suffering associated with particular disasters, helped trigger additional federal spending by precipitating an outpouring of national sympathy for the victims. In many other contexts, however, intense media coverage of a major tragedy or scandal helps provoke significant policy reform, even over the objections of powerful concentrated interests. The media's exposure of the Love Canal toxic-waste tragedy in upstate New York in 1978, for example, led directly to the enactment of Superfund, despite strenuous (and well financed) opposition from the chemical industry, which was expected to bear much of the cost. Why hasn't heavy media coverage of major natural disasters pushed Congress to reform federal disaster policy, bringing it more in line with traditional insurance principles?

One possible answer to these questions relates to the nature of the media coverage that natural disasters elicit. With few exceptions, natural disasters are fast moving tragedies that strike periodically but typically affect only relatively narrow areas of the country at any given time. Media coverage surges upward in the immediate aftermath of

a particular disaster, throwing a bright spotlight on the immediate victims, and then quickly dissipates. As a result, although the accumulated costs of disaster relief are quite high, the politics are played out one disaster at a time, in line with the media coverage. This dynamic appears to amplify the benefits of emergency assistance, strengthening the hand of those who live in hazard prone areas, while making the ultimate cost to taxpayers (of all disasters) seem even more remote. Unless and until the public discussion can be reframed to look across disasters, rather than focusing on one disaster at a time, insurance-based policy reform is likely to remain politically out of reach.