

The PROGRESSIVE MEDIA PROJECT

Published on The Progressive (<http://progressive.org>)

Who is going to own the new New Orleans?

By Gar Alperovitz

September 22, 2005

Let's face it: Somebody is going to make a great deal of money from the rebuilding of New Orleans.

Upwards of \$100 billion may ultimately be involved. It could be far more, considering the leverage huge public expenditures will have on other investors who know a bonanza when they see it.

The first Bush head of FEMA, Joe Allbaugh, is already hard at work advising corporations on how to get the big contracts. (A central player, not surprisingly, will be Halliburton.)

Big-time developers are descending on New Orleans like vultures scenting carrion. Hurricane Katrina has done something none of them could swing politically: It has served as a gigantic human removal force, a form of urban renewal with a vengeance -- or what used to be called "Negro Removal" by some.

"We finally cleaned up public housing in New Orleans," Rep. Richard H. Baker, R-La., recently told lobbyists, according to The Wall Street Journal reported. "We couldn't do it, but God did."

Developers are not interested in low-income housing. What they want to build is upscale condos and offices and shopping malls. And this means getting poor people out of the way. Look for developers to buy up property and to urge the city to condemn whole neighborhoods and "start fresh."

But there are ways to deal with this.

Big corporations and developers should not be the only ones to benefit. Given all the public money that will be flowing in, the poor, who were the biggest victims of Katrina, should be the biggest beneficiaries of the reconstruction.

Planners ought to establish a "land trust" -- or, on a larger scale, "land banking." In other words, a quasi-public nonprofit corporation to own the title to neighborhood land as is done in many cities. Housing can then be built on the land and sold to low- and moderate-income people at low cost, with a provision written into the contract ensuring that if the house is sold, the price of the house will only increase by the rate of inflation plus improvements. This prevents an explosive land boom, and it keeps housing available for others of low or moderate income as time goes on.

A major program like the Work Projects Administration (WPA) during the New Deal could also help put people to work rebuilding the city. That, combined with a creative housing policy, could provide the poor of New Orleans the leg up they need to begin rebuilding their lives.

Beyond this, there are thousands of examples all over the country of employee-owned companies, cooperatives, neighborhood corporations, municipal enterprises and other firms that lodge ownership or partial ownership in institutions that benefit the kinds of Americans usually left out of asset ownership.

Companies should be required to provide some shared ownership and subcontracts to small business and other broadly owned firms as a condition of government contracts.

Given the amount of public money involved, not only will big profits be made in New Orleans but the value of the companies doing the work will register these profits. Sometimes this will show up as an increase in the value of the stock, and sometimes simply as ownership of land and other property.

But this ought to flow to people beyond the big corporations.

A new New Orleans could become a model for rebuilding other American cities in the 21st Century, or it could merely magnify the problems of wealth and poverty.

How New Orleans is rebuilt will tell us a lot about America's direction.

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