

Reaction Paper Jenny Suckale

The reading illustrates the action undertaken by the US government to mitigate the effects of natural disasters. However, it also illustrates that the approach is still almost exclusively oriented towards response and recovery, particularly in so far as natural catastrophes are concerned. This might reflect a still rather fatalistic view on natural disasters. Legislation has addressed the problem of man-made disasters resulting from a lax legislation of private industry much more promptly.

The neglect of preparatory planning for natural disasters implies several possibly problematic consequences:

1. As laid out in the reading, the identification of areas prone to flooding, has conveyed a misleading sense of security. This effect is apparent in an example given in the text concerning US government legislation in the 1940s. Increased financial support for urban development and neighborhood renewal led to a rash of construction in disaster-prone areas.

2. Closely related is the problem of moral hazard emerging from large scale compensation programmes and/or insurance schemes. Insurance companies are well-acquainted with this effect. If the risk to an individual is reduced through insurance, subsidies or other measures of support, the incentives of avoiding that very risk are diminishing as well. An example for this in Platt's text is the National Flood Insurance Program (NFIP).

3. The material density in the US and the ratio of values at risk has increased dramatically over the last decades. Therefore, the funds necessary for compensation might very soon exceed feasible amounts. This development is apparent when comparing the loss caused by several hurricanes over the last century. Hurricane Andrew has resulted in unprecedented losses and costs to the government as well as the insurance companies. With a total of 20 US billion dollars loss, Hurricane Andrew is the most costly natural catastrophe of all times. Interestingly, most re-insurance companies focus more on research concerning preparatory risk mitigation research, contrary to many national governments that still mainly rely on their capacities for disaster relief.

4. As has been stated by many studies during the International Decade of Natural Disaster Reduction launched by the United States, there is an inefficiency inherent in ex-post disaster management: it is cheaper to spend funds on the avoidance of huge damage, than on the compensation for those who were most affected by the losses. Given the fact, that private companies as well as the state, NGOs and local stakeholders are involved in the relief process does not facilitate the coordination of relief efforts.

Therefore: especially given the expected future development of disasters, long-term risk mitigation planning and preventive measures do not seem adequately considered in the present US legislation.