were not made in a timely manner by the Bush Administration. An official of the National Association of Housing and Redevelopment Officials (NAHRO) essentially agreed with this estimation. And the spending will be required during 2006; building new homes and apartments is not a multi-year process, and if stretched out, the displaced households simply will not return.

The problem is politically intense for two reasons. First, because the White House has been trying to eliminate both the long-standing CDBG program and the venerable Section 8 housing assistance for low-income families. At a Congressional hearing on Sept. 15, all witnesses agreed that instead, the Section 8 program also must be drastically expanded—NAHRO called for Congress to "immediately authorize and fund at least 50,000 emergency Section 8 vouchers," and lift the 20% limit of the cost of housing they can fund.

Secondly, the Bush Administration completely failed to act, in advance or rapidly after the storm hit, to create temporary housing in and near the affected states—in particular, using military bases and military assets. Even by Sept. 20, with 300,000-400,000 Alabama, Mississippi, and Louisiana families displaced, there were only 26,000 temporary housing "units" in those states—7,500 of them on cruise ships, and only 220 on the neglected military bases. Hundreds of thousands of people are jammed into hotels and motels, or the homes of friends, family, or Good Samaritans, and scattered all over the country. Now it is too late, and FEMA efforts to order mobile homes and small "manufactured homes" are running at only a few thousand per month. The displaced persons will need emergency vouchers to stay where they are, and everything depends on the pace of rebuilding of new, *affordable* neighborhoods in the disaster counties.

In 30-40 of those counties, estimates range from 300,000-450,000 homes destroyed completely, and an equal number damaged. The Enterprise Foundation, in a thorough analysis, found that half of those homes were occupied by households or individuals with incomes of below $35,000, and one-third by people with incomes of $20,000 or less. The homes had a median market value of $79,000 in Mississippi, and $95,000 in Louisiana and Alabama, only 35-40% of the national median home price.

If new homes can be built and bought for $100,000 or so each, then even with private insurance and other resources of families taken into account, tens of billions of Federal disaster grants and mortgage relief will be needed to bring the displaced families back. If not, the warning is given by the "FEMA City" trailor park built near Punta Gorda, Florida, after a 2003 hurricane: Its residents, many of low income, have been unable to buy or rent the new, more expensive homes which have replaced their destroyed neighborhoods, so they have been stuck in "FEMA City," and now have to move away.

An equally important factor, is that the rapid and large-scale contruction of new homes, made affordable by Federal action, is a very large potential source of new employment for members of the displaced families themselves, bringing them back to the areas from which they've been driven out.

The Senate has already voted $3.5 billion in six-month housing vouchers for families while they are displaced; the House has legislation pending for 50,000 emergency housing vouchers. These address the temporary housing problem; the real rebuilding, must be a large part of a "new Marshall Plan" for the Gulf region.

Gulf Coast Ports and Rail Must Be Rebuilt

by Mary Jane Freeman

Sixteen days before Hurricane Katrina hit the Gulf Coast states, Mississippi's Port of Gulfport announced that it had set an annual tonnage-shipped record in 2005, thus securing its position as the "3rd busiest container port" on the U.S. Gulf of Mexico. Then Katrina hit on Aug. 29, and five days later, on Sept. 3, the port's executive director Don Allee sent an e-mail: "We took a direct hit. . . . Our east pier facilities have basically been gutted. Total loss of dry cargo facilities ([for] forest products, aluminum, paper). [They] are nowhere to be found." He found port materials strewn three to four miles away in the next town.

Although not yet one of the top 40 U.S. ports measured by throughput of commodities, Gulfport's mid-August milestone, moving to become a bigger port, came as a result of a $250 million port improvement plan begun in 2004. Gulfport was one of the worst-hit ports along the Gulf Coast, but by no means the only one. The Port of New Orleans, the fifth-largest bulk cargo U.S. port, took a big hit; only by marshalling state and Federal resources has it been restored to 20% of its pre-storm capacity (see accompanying interview).

Core infrastructure of the coastal area has been severely disrupted, and will take months to repair and be made operable. Rail lines have been displaced or submerged; stretches of highways made impassable; bridges torn out; hospitals and schools levelled.

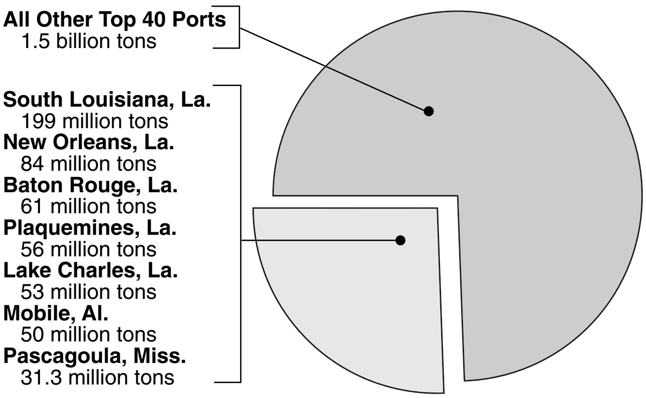
The ports, and the region's infrastructure for rails and roads form a critical nexus facilitating the movement of goods into and out of America. The shoot-up in diesel fuel costs to a new record of $2.898 per gallon, as of mid-September, compounds the cost to fix the critical transport links.

In Mississippi, the ports of Gulfport, Biloxi, and Pascagoula were severely damaged. Louisiana's Port of New Orleans had a preliminary damage estimate of $1.6 billion. The Port of Mobile in Alabama had the least damage, and

FIGURE 1

Gulf Coast Ports Shipped 26% of U.S. Imports and Exports in 2003

(Tons)



Sources: U.S. Army Corps of Engineers; *EIR.*

although no monetary estimate is available yet, it is operating at only 80% of pre-storm capability, while shipments are curtailed because of overall infrastructure and economic disarray and disruption in the region. Limited operations have begun at most Gulf Coast ports, but estimates are that it will be three to six months, and in some cases a year, before full operations can be restored.

As of 2003, more than 25% of all U.S. imports and exports, by tonnage, were shipped through the major ports located in Alabama, Mississippi, and Louisiana (see **Figure 1**). The nation's top 40 ports, by tonnage shipped, had a throughput of more than 2 billion tons. Of those 40 ports, the seven in these three Gulf Coast states handled over 535 million tons that year. Each of these ports had embarked on upgrade and expansion projects in the last five years.

Shipments of U.S. commodities such as grain, poultry, and coal for export, get to the ports via rail, truck, or barge. But Katrina crippled these modes of transport too. Of the six Class I railroads serving the region, four were damaged by Katrina, two of them significantly. CSX railroad's 110 miles of mainline track on the coast between New Orleans and Mobile, Ala. will take months to restore at a cost of at least $250 million. Its yard in Louisiana was under water. Six miles of Norfolk Southern's (NS) track, washed from atop a rail bridge into New Orleans, required nine cranes on barges to lift the track out of water and back onto the bridge; while another nine miles of its track, running into the city, were washed out and need extensive repairs.

Amtrak's CEO David Gunn said of passenger rail service, "Rail lines and facilities are pretty badly beaten up." Most Amtrak routes run on tracks owned by freight railroads. Damage assessments continue, as service remains curtailed in the three Gulf Coast states.

But Amtrak service to these states was already limited, as passenger rail miles, nationally, went from 65,842 in 1967, to 22,453 by 2004, a 66% loss. You see the loss to these states in particular on the rail maps, **Figures 2a** and **2b.** Yet, ironically, Amtrak, which the Bush Administration seeks to bankrupt, pre-staged two trains in Lafayette, La. to aid in evacuation of New Orleans residents after Katrina hit. Its services were only used for one trip.

Ship and barge access to the Mississippi River, impaired by Katrina, has slowly resumed because of the combined efforts of the Army Corps of Engineers, the U.S. Coast Guard, and other Federal agencies. These agencies' removing debris (such as sunken vessels), dredging, and restoring aids to navigation have made the river available for some traffic. But the three-week river closure and damage to barges from the storm, before the Fall harvest, bodes ill. "There's going to

FIGURE 2a

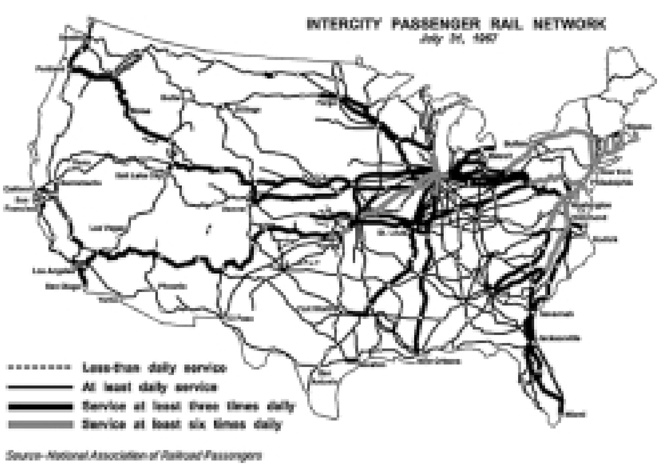
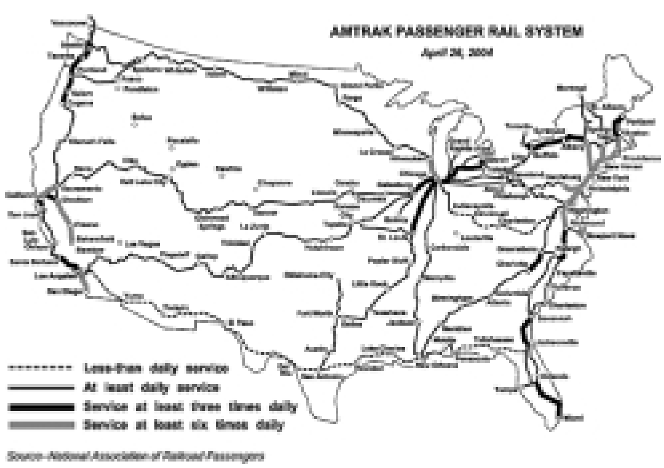


FIGURE 2b



be a big impact," a University of Minnesota farm extension specialist said. "We're losing three weeks of shipping out of the Gulf. [Now with] lost barges, we've got grain backed up with the disruption of rail service in the entire Gulf Coast area." These realities have already led to a 43% hike in river freight charges, from a pre-Katrina $23 a ton to $33 a ton.

To avoid future hobbling of our food, fuel, commodities supply chain, and commerce in general, infrastructure redundancy must be built back into our economic backbone. Upgrading the interface between U.S. inland waterways, ports, and the rails requires full Federal funding of the U.S. Army Corps of Engineers and the Marine Transportation System to ensure critical dredging and intermodal connector projects, and the upgrading of our inland waterways, locks, and dams.

Since the halt of the post-Civil War plans for Reconstruction of the South, and with the 1960s post-industrial turn away from a production-based economy to one of consumerism, more and more the Gulf Coast region was left to poverty. Now in the aftermath of Katrina, the nation has the great task of building its future infrastructure.

Interview: Gary P. LaGrange

'Category 5 Levees Should Have Been Built'

Gary P. LaGrange, a New Orleans native, has been Executive Director and CEO of the Port of New Orleans since 2001. Previously, he was the Executive Director of the Mississippi State Port Authority at Gulfport from 1999-2001, and of the Port of South Louisiana in 1997. In each of these positions, he initiated state-of-the-art capital improvement projects, upgrading these Gulf Coast ports. LaGrange was interviewed by Mary Jane Freeman on Sept. 14.

EIR: *EIR* has promoted infrastructure development for 30 years. Unlike a recent *New York Times* op-ed complaining that too much money is available to the U.S. Army Corps, *EIR* has called for fully funding the Corps to ensure that it can do the job.
LaGrange: God bless you. Tell that to OMB!

EIR: What is the extent of damage, the state of ongoing repair; and more important, what projects were planned that should have been done, and how should the nation be thinking about what needs to be done at the ports in the Gulf Coast?
LaGrange: Well, first and foremost, was that years and years ago, models were done, time and again. It was just a question of dodging the bullet for all these years and waiting for the mother-lode to come. What should have been done, is Category 5 levees should have been built, first and foremost. Had that happened, chances are that *none* of this would have happened. That not being the case, we have a heck of a rebuilding effort on our hands, which is probably going to cost a heck of a lot more than the levees would have cost in the first place. We [the Port of New Orleans], as a result of this storm Katrina, the damages that we have—we've sent in a very pre-preliminary report to Congress which shows a $1.7-plus billion need for building the port back to where it was.

Starting Sept. 15, engineering surveyors, three different teams, will split the port into three, to get an expeditious assessment of the actual damage. It will be a week-long survey of damages, destruction assessment, and also stolen, lost, or pilfered items that are missing. . . .

EIR: What are the projects that were on the drawing boards?
LaGrange: Well, there is a project that was authorized before I was even shavin', and I'm 59 years old. That is the Inner Harbor Lock on our Inner Harbor. It is a $700 million project. When that lock is complete, the significance of that is that all of our businesses on the Inner Harbor will be able to lock through into the Mississippi River and not have to use the MRGO [Mississippi River Gulf Outlet] ever again.

The advantage is that the Mississippi River Gulf Outlet requires a lot of maintenance and a lot of dredging to keep it open. So that is dollars saved. Why would we not take the $25 million, or whatever million dollars a year, that they are putting into dredging and maintaining the MRGO, and escalate the funding and financing for the lock? That would be a *huge* step in the right direction. Because every year we have to face the same old thing: The administration zeros out the project. Then we march back into Washington, spend an infinite number of hours before the House and Senate energy and water subcommittees, before all the other sundry committees—finance, appropriations—meeting again with General Strock. Over, and over, endlessly, like the way of the cross. It is never-ending. . . .

It is ridiculous. It is the damnest thing I've ever seen. Now they take $60 million that is appropriated for the Olmsted Lock and Dam, and they zero the Inner Harbor lock and dam out. And then what do they do? They add $30 million. They take our money and put it on Olmsted. I want to tell you, I was a young port director and I testified for Olmsted 20-some odd years ago. Well, it still isn't built, and neither is ours.

EIR: Right, and Olmsted should have been built about 10 years ago—
LaGrange: Of course. General Strock—and I love General Strock—he tells me, "Gary, what they're doing is a new philosophy. The Corps is trying to get a better image, trying to get a few finishes. So in order to do that, we're gonna have to rob your money and other projects to finish the ones that are closer to being finished."

That isn't helping me, you know.