



Bush Helps Disaster Profiteers

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Posted on September 17, 2005, Printed on January 7, 2009

<http://www.alternet.org/story/25514/>

President Bush has been justly criticized for his mishandling of the Katrina disaster, for his failure of leadership and for his indecisiveness. But on two matters involving post-hurricane reconstruction, Bush has been exceedingly decisive. First, he suspended federal rules to allow FEMA and the Army Corps of Engineers to extend no-bid contracts to corporations engaged in the rebuilding. In doing so, he also allowed companies with close political ties to get to the front of the line.

Second, Bush sweetened these contracts even more by suspending the federal Davis-Bacon Act, the Depression-era law that requires contractors with federal funds to pay local "prevailing wages" on construction projects. Through these actions, Bush revealed that despite all the rhetoric about compassion toward the victims of Katrina, the administration's crony capitalism and corporate agenda is never far below the surface.

Katrina is a disaster for the people of the gulf region and for the nation's economy. About 400,000 Americans will lose their jobs, according to the Congressional Budget Office. But for some companies, especially those with political connections, Katrina -- like the war in Iraq -- is a bonanza.

Congress has already appropriated \$62 billion for post-Katrina relief and repair, and the figure is expected to exceed \$100 billion. The reconstruction of New Orleans and the gulf coast, like the rebuilding of Iraq, has unleashed a feeding frenzy of government contracts to companies. FEMA and the Army Corps of Engineers quickly suspended rules in order to allow no-bid contracts and speed up reconstruction. Politically connected firms like Haliburton, Fluor Corporation, and Bechtel have already scooped up hundreds of millions of dollars for post-Katrina reconstruction.

Haliburton, formerly run by Vice President Dick Cheney, is facing questions for allegedly overcharging on work done in Iraq. The Department of Defense has been criticized for awarding Iraq reconstruction contracts to Haliburton and Bechtel without competition. Since the storm hit, Haliburton's shares have risen by more than 10 percent to \$65.

This crony capitalism, rampant during the Bush Administration, is bad enough. But Bush added insult to injury by suspending the Davis-Bacon law for Katrina-damaged areas of Alabama, Florida, Louisiana and Mississippi.

The Davis-Bacon law, enacted in 1931, sets a minimum pay scale for workers on federal contracts by requiring contractors to pay the prevailing or average pay in the region. The prevailing wage in New Orleans is \$9/hour for construction work, far below that of most other parts of the country. The Executive Order came a day after a group of 35 Republican members of Congress asked Bush to suspend the law for recovery effort. The Bush administration, Congressional Republicans and their corporate allies have long opposed the Davis-Bacon law, just as they've opposed raising the federal minimum wage from the current below-poverty level of \$5.15.

During the 2004 election cycle, the construction industry donated \$71 million to candidates for the White House and Congress. Seventy-two percent of those contributions went to Republicans, according to the Center for Responsive Politics, a nonpartisan watchdog group. Now it's pay-back time.

President Bush's behavior is consistent. In the wake of the 9/11 tragedy, Bush used concerns over national security as a pretext for undermining workers' rights. His legislation sought to strip 170,000 federal employees being transferred to the new Department of Homeland Security of various workplace protections, including civil service regulations and collective bargaining rights. Similarly, the legislation federalizing about 56,000 airport screeners exempted them from union protections. Soon after 9/11, Bush also established a quota requiring government agencies to outsource at least 425,000 (later upped to 850,000) federal jobs to private contractors (many of which, it turns out, had contributed to his campaign).

In December 2001, Bush also revoked rules prohibiting companies with a track record of violating federal labor laws -- as well as environmental, consumer protection, civil rights and tax laws -- from signing outsource employment contracts with federal agencies.

Now Bush is taking advantage of the Katrina tragedy to get rid of workers' protections in favor of higher profits for favored corporations. The suspension of Davis-Bacon is an open invitation to employers to hire people who are desperate for jobs, and pay them low wages.

Edward Sullivan, president of the AFL-CIO Building and Construction Trades Department, called Bush's act "legalized looting of these workers who will be cleaning up toxic sites and struggling to rebuild their communities, while favored contractors rake in huge profits from FEMA reconstruction contracts."

Indeed, suspending Davis-Bacon is the exactly the wrong move at this time. What the devastated areas need is people with jobs that pay decent wages so they can contribute to stimulating the local economy. Federal funds should be used to help get families back on their feet, not to exacerbate their suffering.

As the reconstruction proceeds, the federal government will not only be rebuilding levees, dams and road, but also subsidizing the rebuilding of the region's low-wage tourism economy, including its hotels and casinos. Three years ago in New Orleans, ACORN (a community group) and the Service Employees International Union (SEIU) initiated a referendum -- supported by 63% of voters -- to adopt a municipal wage of \$1 above the federal level for businesses with over \$500,000 in revenues. The law would have benefited about 70,000 low-income workers, mostly African-Americans, mostly employed in the tourism industry. Those businesses led the opposition to the minimum wage proposal. After the voters approved it, the major New Orleans employers successfully filed suit in Louisiana Supreme Court to overturn the people's will.

These same firms will soon have their hands out to receive federal largesse to rebuild their enterprises. If major hotel and casino chains -- as well as big construction firms -- are going to get billions of dollars in taxpayer funds and government-backed insurance, shouldn't there be some quid-pro-quos -- like requiring them to pay a living wage -- that guarantee fairness for the real victims of the Bush administration's failure of leadership in protecting people from Katrina?

The Bush administration obviously doesn't think so. Even amidst the tragedy of

Katrina, Bush's conservatism trumps his compassion.

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