

Economic Versus Natural Disasters: If Detroit Had a Hurricane . . .

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This article focuses on the economic development impacts of natural, as opposed to economic, disasters and ultimately argues that many of the approaches and responses to sudden natural disasters might be effectively applied to areas experiencing more chronic economic decay. An evaluation of federal assistance in the wake of a devastating flood in East Grand Forks, Minnesota, indicates that commitment, cooperation, creativity, inclusivity, and flexibility resulted in a redevelopment framework that generated substantial improvements in a remarkably short time. Critical aspects of responses to sudden natural disasters could be applied to cities experiencing slow death: media attention; a sense of urgency coupled with long-range vision; coordinated federal, state, and foundation assistance; an emphasis on community hope; and a focus on the public sector, public investment, public infrastructure, and public pride.

Keywords: *local economic development; Hurricane Katrina; economic disasters*

This article focuses on the economic development impacts of natural, as opposed to economic, disasters; it explores the political and policy ramifications of sudden versus slow economic death of cities. Although it certainly is not argued that natural disasters are a desirable means of economic revitalization, the article makes the case that many of the approaches and responses to sudden natural disasters might be effectively applied to areas experiencing more chronic economic decay. As suggested in the title, the slow economic death of Detroit will be used as the rhetorical opposite of the sudden death of New Orleans in the wake of Hurricane Katrina. It should be clear that the article is a commentary, intended to spark discussion.

The arguments and observations are empirically based, however, drawn from case studies conducted as part of an evaluation of the Economic Adjustment Program (EAP) implemented by the Economic Development Administration (EDA) in the U.S. Department of Commerce. These data will be used to describe economic development outcomes in an area that experienced a sudden natural (floods) disaster and the response of state and federal governments, particularly the EDA. Lessons learned from these responses will be identified and applied to the chronic economic disasters experienced by cities such as Detroit.

The EAP

The EAP is designed to address severe economic dislocations, natural disasters, or other special needs. Grants are made to state, local, and regional actors to foster design and implementation of strategies or programs to achieve long-term structural change in the local economy.

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The EAP supports three general types of activities: strategic planning, infrastructure projects, and locally administered revolving loan funds (RLF). Implementation activities covered by the program include “creation/expansion of strategically targeted business development and financing programs such as construction of infrastructure improvements, organizational development and market or industry research and analysis” (EDA, 2003, p. 7), as well as defense conversion. Strategic planning or strategy grants tend to be smaller and more numerous than implementation grants and are typically targeted at building coalitions and cooperative relationships in the development of a plan for responding to specific economic stress. The RLFs constitute the only portion of the EAP that goes beyond emergency assistance.

Since the program was begun in 1975, the EDA has awarded 3,674 grants for a total of \$2.5 billion.¹ As authorized, the program is intended to serve as emergency assistance for areas that qualify based on a natural or economic disaster. The latter is defined as some type of sudden shock such as a major plant closing; areas experiencing general economic decline or chronic unemployment, for example, would not qualify.

As part of an evaluation contract with the EDA, case studies were conducted between March 2002 and February 2003 in eighteen representative communities that received EAP assistance to provide an assessment of what factors permit programs to be particularly successful, how these programs are designed and administered, and what leads to positive outcomes.² Because of the magnitude of its natural disaster, East Grand Forks, Minnesota, is the most comparable case to New Orleans and, hence, most of the lessons are drawn from that case.

Central Questions

Specifically, this commentary focuses on several central questions:

- Are there potential long-term economic development benefits from a natural disaster?
- What is the impact of slow versus sudden economic death? Do responses to the two types of disasters differ?
- Has EDA been successful in promoting economic development in the wake of natural disasters? What aspects of EAP are particularly successful and could be expanded to a program that focuses on chronic rather than sudden and severe disasters?
- What types of local responses and relationships appear critical to successful economic development efforts following a disaster?
- What types of intergovernmental responses and relationships appear most effective?

THE EAST GRAND FORKS FLOOD STORY

In April 1997, the confluence of spring rains with snow and ice melt-off led the Red River to overflow its banks into the cities of East Grand Forks, Minnesota, and Grand Forks, North Dakota. By the end of the 2nd day of flooding, 60,000 residents had been evacuated from their homes and downtown Grand Forks was in flames. East Grand Forks is a city with a 2000 population of 7,501, an estimated 2005 population of 8,211, and a land area of 12 square kilometers, or about 5 square miles. Although clearly not the size of New Orleans, the relative magnitude of the destruction in East Grand Forks was probably greater. The entire population of East Grand Forks was evacuated. Almost every home in East Grand Forks and most of those in Grand Forks suffered flood damage; out of the 5,501 homes in East Grand Forks, only 7 escaped significant damage (Draves, 1999). Downtown East Grand Forks was largely destroyed. Several neighborhoods have never been rebuilt. Together, the two cities sustained almost \$2 billion in flood damage.

There was a significant, immediate impact of the flood in terms of job loss; some businesses were closed for more than a year. Yet the most significant effect of the flood, according to local officials, was that residents simply moved away. The city lost at least 1,500 residents in the years after the flood.

Recovery efforts in East Grand Forks were supported by multiple levels of government through various units, departments, and programs. At the federal level, in addition to EDA, funding came from the Federal Emergency Management Agency (FEMA), the Department of Agriculture, the Small Business Administration, and the Army Corps of Engineers. State revenue sharing and community development block grant funds largely financed rebuilding of public facilities such as city hall. State Department of Transportation funds also supported rebuilding efforts. The regional Economic Development District office participated in coordinating regional (seven-county) planning efforts and operated a revolving loan fund (supported by both the Small Business Administration and EDA) to assist businesses after the flood. Several local and regional foundations also provided critical support; thus, any individual grant or funder was only a single piece of the recovery puzzle.

The biggest challenge in East Grand Forks was redeveloping community and consumer confidence—creating a sense that if the city was rebuilt, investment in homes and businesses would be worthwhile because future floods or at least significant flood damage was unlikely to occur. The most critical and immediate economic redevelopment challenge was thus the creation of an effective flood prevention and mitigation system.

An invisible floodwall was the centerpiece of the city's economic redevelopment effort and provides an interesting alternative method of flood mitigation. Whereas the city of Grand Forks across the river decided to create and improve on a system of traditional dikes and berms along the river, East Grand Forks chose minimal berms and an invisible floodwall in the downtown area. The visual and economic development impacts of these decisions mean that Grand Forks turned its back on the river, whereas East Grand Forks has explicitly incorporated the river into its downtown. Restaurants with outdoor eating spaces and shops sit right along the shore. Although this is clearly a more aesthetic solution, everything hinges on the presumptive effectiveness of the as yet untested floodwall. The invisible floodwall consists of brick columns into which aluminum panels can be placed in advance of a threatened flood. The wall structure runs 880 feet across the downtown with a lift station on one end to pump water out of the area. With the panels out, there is no wall, and the columns are integrated into the downtown streetscape. This is the largest application of an invisible floodwall in the United States; most implementation has been in Europe, where the concept was developed in 1980 to protect the city of Cologne, Germany, from recurring flooding of the Rhine River (Flood Control America, 2003).

In assessing the economic outcomes of the East Grand Forks flood, it is important to understand the condition of downtown prior to the flood. The early 1990s was a time of economic stress for East Grand Forks generally, and there were many areas of deterioration in the downtown. Additional improvements—including boardwalks, shell buildings, and streetscape plans—had been on the drawing board for years. A 1960s urban renewal project in the downtown area had, as in many other communities, been less than successful either aesthetically or financially. The city had begun purchasing parcels of land along the river formerly used for the railroad but had not had sufficient resources for development. In short, there were many redevelopment needs prior to the flood in the city generally and in downtown specifically.

Economic Redevelopment Processes

A number of organizational and process issues in East Grand Forks positioned the community well in recovering from a disaster of this magnitude. First, the city had strong and cooperative ties with regional actors, state government, the U.S. Department of Housing and Urban Development, and EDA. Direct relationships between city officials and EDA stemmed from projects dating back to the early 1980s.

The city received foundation support to hold town meetings after the flood. These forums, led by a planning consultant, were designed to allow residents to identify and discuss what they wanted in a rebuilt community. A new library, city hall, business district, and an identifiable and distinctive downtown oriented toward the river were the primary goals identified through these communitywide roundtables. As one respondent noted, the visioning process helped residents make the

“mental leap necessary to realize that the town would never be as it was, so they could begin to think about how to make it better” (name withheld, personal communication, June 2002). The consultant combined these ideas with prior city plans to create a redevelopment plan that allowed local officials to immediately begin identifying and pursuing funding sources.

The community visioning process and EDA response occurred very quickly. The city flooded in April 1997; by fall, it had already begun the invisible wall with EAP funding, and an EAP-funded business incubator was completed in the spring of 1998. A new Cabela’s Outfitting store in the center of downtown opening in September of 1999 further highlighted the general speed of development.

This time frame is impressive given the very visible lags experienced in New Orleans after Katrina. Given the pre-flood structure of East Grand Forks local government, it is all the more impressive. Although putatively a city administrator form of government, the city operated with almost a commission system. With a strong council and weak mayor, department heads reported to the council or committees of council. After the flood, the former part-time mayor became the city’s first full-time elected chief executive, with a salary supported by foundation grants. This change in functional structure allowed the city to have a full-time point person to work with state and federal officials. The city council gave staff wide latitude in decision making after the flood.

Several procedural aspects of EDA were noted in interviews as being particularly critical to the quick and smooth redevelopment of East Grand Forks. First, the long-standing relationship between the Economic Development Representative (EDR), city staff, and engineering consultants allowed an immediate and personal response. Indeed, the engineering firm held weekly utility meetings with city staff and developers so all building projects were properly coordinated. The EDR had been on-site many times, knew the area well, and was in East Grand Forks immediately after the flood. Indeed, the EDR was one of the main proponents of the creative invisible floodwall solution. The existence of EDA’s quick start processes allowed the city to begin projects while complete paperwork was still processing.

EDA flexibility was mentioned frequently as critical to the redevelopment process. Most important, they were willing to study and support the invisible floodwall, allowing the most creative solution to flood mitigation in the downtown. Furthermore, EAP provided different funding streams for different purposes. In addition to the large infrastructure grant for the floodwall, the city also received a smaller planning grant immediately after the flood. This was used to support development and operation of a Citizens Advisory Rebuilding Team that ensured citizen participation and buy-in for redevelopment projects as well as providing input into longer range visioning processes. Flexibility was also evident in EAP support of the rebuilding of the downtown fire station. Although such public structures are normally not eligible for EAP assistance, it was determined that the station was essential for protecting other EAP investments in the downtown area as well as providing an economic development anchor to downtown.

Ultimately, there were several actors that facilitated the planning and redevelopment process:

- A team of local, state, and federal officials that met weekly in the state capital to sort out funding options
- The contractual engineering firm to address technical and infrastructure implementation aspects of recovery
- The continuing local presence of both the EDR and the state block grant program representative—the EDR stayed on site in East Grand Forks for a year after the flood, a decision viewed as being critical to the recovery by local officials
- The development of a uniform grant application by city staff and the engineering firm that was used by the state and federal working team to sort and direct applications, providing a coordinated approach to grant application

Economic Redevelopment Outcomes

A central goal of the EAP site visits was to evaluate outcomes—and economic development outcomes in particular—of EAP assistance. Although these latter are traditionally assessed in terms of job growth and business creation and retention, the evaluation also considered other more intangible outcomes such as sense of community, future confidence in the community, the development of long-term cooperative relationships, and even civic pride. Overall, a significant outcome of EAP disaster assistance for East Grand Forks was to retain residents and stabilize consumer and community confidence in the future viability of the community. Such confidence stemmed the tide of residents and businesses moving permanently away from the area because of fears of repeated flooding. In short, the planning and citizen involvement processes used during the flood recovery led to an increase in community involvement generally, cooperation between various organizations and citizens, and community pride. “When disasters occur, you throw politics out and help the people” (name withheld, personal communication, June 2002), as one official noted.

As an immediate, tangible outcome, public investment in downtown and the invisible flood-wall in East Grand Forks added 500 jobs, all part of post-flood investments. More broadly, recovery investment in East Grand Forks changed the commercial mix in the downtown. Pre-flood investment was primarily retail, services, and residential. Post-flood investment is more retail and entertainment oriented, adding a significant tourism component to the local economic base. The increased demand for real estate in downtown East Grand Forks as a result of infrastructure investments provided additional resources necessary to address problems left by old urban renewal projects. Downtown investment further increased the tax base of East Grand Forks because new homes and businesses are worth more than preflood structures. Thus, the city enhanced its tax base, investing the new tax revenue in improved community services. Finally, the city became a more significant landlord post-flood, with potential revenue streams from selling lots and publicly supported buildings such as the downtown mall.³

The decimation of downtown East Grand Forks by the flood and subsequent public and private investment allowed the city to implement many plans that had been on the drawing board for years; the downtown streetscape was planned, but the flood allowed implementation, for example. Also planned was reorienting downtown toward the river to better take advantage of this amenity. The flood and subsequent invisible floodwall allowed the city to make better use of the river location to enhance tourism and entertainment industries; the river is now an asset because there is no need for large berms or other types of flood control. Implementation of a river walk, tied to the streetscape and downtown parking and businesses, was under way in 2003. The additional benefit of the walk is creation of a structure-free plain along the river and additional parking for downtown businesses.

The invisible floodwall provided the confidence necessary for the city to retain and attract business investment. The Cabela’s Outfitting Store, located in the downtown after the flood, would not have located without assurance that the flood problem had been addressed. Cabela’s has increased employment and is making East Grand Forks a regional tourist destination, drawing shoppers from across the United States as well as Canada.

Overall, local officials believe that some natural disasters such as floods can be tamed, managed, and mitigated. Thus, federal redevelopment money may best be spent in a manner that consciously incorporates disaster mitigation or prevention measures or both into the rebuilding process. Simply providing funding to rebuild is shortsighted at best. Clearly, the floodwall has had many tangible benefits: it brought businesses back, Cabela’s came in, the downtown streetscape was implemented, a river walk was created—all increasing aesthetics and attracting business. There were also a number of public investment spin-offs from the EDA investment, including improved street and traffic patterns, increased parking for downtown businesses, and a new and impressive city hall. More important, the significant government investment in the wake of the

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disaster led to hope, infrastructure investments led to community confidence necessary for business investment, planning processes instilled a sense of community ownership and fostered long-term cooperative relationships, and a redeveloped downtown fostered community pride.

LESSONS

Although there may well be some bias in their opinions, local officials in East Grand Forks feel that their city is the poster child for flood recovery. They could not have achieved the present level of redevelopment absent state and federal funding and relationships nor without the participation of city residents and their willingness to be patient and focus on long-term needs. A complex mix of state, federal, and foundation support was used in the recovery; many local, regional, state, and federal entities along with local residents and business owners cooperated in recovery efforts; and a once struggling city and downtown have been significantly revitalized in a manner desired and planned for by local officials, a revitalization that was unattainable from a local financial standpoint. What does this say about the rebuilding of New Orleans and the economic development outcomes of sudden natural, rather than slow, economic death of cities? To begin to pose some lessons from the East Grand Forks case, a brief comparison of New Orleans and Detroit is instructive.

Parallels Between Detroit and New Orleans

As Table 1 indicates, several demographic and socioeconomic parallels between Detroit and New Orleans exist, although Detroit is worse off on most measures. Detroit has larger percentages of unemployed, households below the poverty level, and adults without high school diplomas, and has lower median incomes and older and less valuable housing stock than New Orleans did prior to Katrina. And, whereas a higher percentage of households in New Orleans lack vehicles, the 2% lead in Detroit would not be sufficient to ensure that all residents could leave town in case of a disaster.

Two things are clear from 2004 census data. First, both Detroit and pre-hurricane New Orleans suffer from significant economic distress. Media and other reporting in the wake of Katrina rightly emphasized the exceptionally stressed economic conditions of New Orleans and its poorest residents prior to the hurricane; Detroit's problems are generally more severe. In short, on August 28, 2005, the day before Hurricane Katrina, both Detroit and New Orleans represented cities that were experiencing slow economic death. Many residents, particularly residents of color, were living in poverty, public infrastructure was old and decaying, and the school systems suffered constant criticism regarding quality. Little was being done in any concerted way at federal and state levels to address these issues regardless of the reasons (lack of political will, racism, limited state resources, lack of foresight).

Then, within days, national attention was focused on New Orleans. Although it is clearly too soon to know whether the actual response will be effective, the experience in East Grand Forks, albeit on a smaller scale, points to the elements of a successful emergency response in the wake of a disaster that can ultimately lead to long-term economic improvements. These elements are summarized in the following seven points.

Media attention. One significant difference between natural and economic disasters is the media attention attendant to the former as opposed to the latter. Although there have been many Web sites, books, and individual media reports on the demise of Detroit, this has not come close to the level of media attention focused on New Orleans after Katrina. Not only did the scope of the disaster receive sustained national attention, the underlying issues of race, poverty, governmental capacities, and commitments to public infrastructure (or lack thereof) were also raised and continue to be topics of both national and local discussion. This, of course, was also the case with the East Grand Forks flood, although at a lesser level. Although

TABLE 1
Census Comparison—2004 Estimates

	<i>Detroit</i>	<i>New Orleans</i>
Population	840,006	444,515
% African American	85	68
% of households, female-headed with children younger than 19	20	11
% unemployed	18.9	11.8
Median household income	\$27,871	\$31,369
% individuals below poverty line	33.6	23.2
% older than 25 with no high school diploma	19	12
% households using food stamps	23	11
% housing units pre-1939	41	25
% owner-occupied units with values less than \$50,000	18	6
% households without vehicles	19	21

most of the country had no particular reason to be familiar with Grand Forks and East Grand Forks, the images of the former's downtown under water, with the newspaper building afire in the background, are indelible.

The critical importance of the media in defining the challenges and root causes of the New Orleans disaster goes far beyond reporting on the hurricane itself. Widespread popular attention to rapper Kanye West's statements that the delayed federal response was evidence that President Bush "doesn't care about blacks" (A Concert for Hurricane Relief, 2005) highlights the extent to which media attention can reach into different aspects of popular culture, touching widely different audiences. Had there actually been a nuclear plant meltdown at the Fermi I reactor near Detroit in 1966, the song, "We Almost Lost Detroit This Time," might have gotten as much popular play as Green Day's recent "Wake Me When September Ends" accompanied by voice-overs about New Orleans. Likewise, Garrison Keeler's somewhat tongue-in-cheek suggestion that Minnesota's snowstorms be named says much about the power of symbols. The very act of naming the disaster creates an indelible image; the entire tragedy is epitomized in a single word—Katrina.

Couple this extensive media play on Katrina with an apparent macabre public fascination with disasters and a door opens not only on the widespread needs of a city in the wake of a disaster but also on a broader understanding of underlying economic inequities and public discussion about what it might take to address these needs. Sustained media attention to the chronic economic distress of central cities and their residents, even with its likely sensationalism (imagine an Oprah media event combined with an Extreme Home [City?] Makeover), might contribute to the public attention, understanding, and commitment necessary to effect long-range solutions. It would, at least, be a start.

Sense of urgency coupled with long-range vision. Natural disasters provide unique opportunities for both the nature of policy response and the processes used. More specifically, they foster a sense of urgency—it is necessary to respond to the disaster immediately and with large scale measures—to change the business-as-usual model, opening the door to creative, long-range processes and solutions. In East Grand Forks, this played out in several ways. The invisible floodwall was a creative solution to a long-standing problem that probably would not have been considered and certainly not resourced absent the devastating flood. The wall in turn allowed for the reorientation and redesign of the whole downtown area, using the river as an asset and thus enhancing business development. This was the large emergency solution found for the natural disaster problem. However, the solution of the invisible wall emanated from city-wide planning processes that provided an unprecedented amount of community, regional, state, and federal input into a long-range visioning process. This process was forward looking in that it encouraged residents to identify those goals most important to them in the long run. But it was

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also retrospective in that it incorporated long-standing, but unimplemented, plans for the redesign of the downtown. Thus, the crisis allowed for new and more open planning processes to occur, leading to creative problem solving on a large scale supported by a large influx of funding from a variety of actors and levels of government. Such process opportunities are much as Etzioni (1967) described mixed scanning, where limited problems and places receive broad-based yet focused attention.

What would the confluence of urgency, creativity, and opportunity for long-range solutions lead to in a city such as Detroit? First, it would likely bring together a number of internal and external actors that have been divided by years of racism, isolation, and mutual hostility and suspicion. Such actors would include federal, state, regional, and local officials, potentially crossing the Detroit versus out-state divide in the state legislature, as well as the Detroit versus suburban divide in southeastern Michigan. Second, it would focus the talents, resources, and skills of a variety of actors on solving the city's economic crisis in a short period of time. Inclusive long-range planning processes could lead to large scale, creative solutions that might actually have the potential for solving the city's intractable economic, social, and service problems.

A variety of scholars and pundits have made grand suggestions for economic development solutions for Detroit. Vergara (1999b) suggested that vacant and deteriorated downtown office buildings be used as a ruins theme park to be called the "American Acropolis;" he also opined that the long abandoned Detroit train station could be converted into a monastery (1999a). Detroit politicians have supported, and are likely to implement, the creation of an Africantown-themed business district. Local planners have explored alternatives such as converting vacant multistory buildings into sports theme parks, complete with climbing walls and water features. It has also been suggested by planners that urban services be withdrawn from lightly populated neighborhoods, with land reverting to agricultural uses. Political analysts have suggested deincorporating the city, parceling geographic pieces out among the suburbs (implicitly including disestablishment of the Detroit public schools), thus integrating populations and improving services and resources for former inner-city residents. Whereas these particular solutions range from fanciful to apocryphal to simply not well considered, they do provide a sense of the potential creative solutions floating around out there if they could be refined through an inclusive visioning process, supported by significant resources and implemented with a sense of urgency.

Extent of space created or radical urban renewal. It is true that disasters on the scale of New Orleans and East Grand Forks provide the opportunity for sweeping clearance (or urban renewal for the more cynical) that is almost impossible to attain under conditions of slow economic deterioration. For East Grand Forks, the flood permitted implementing long-term plans for the downtown: changing road patterns and parking, new flood mitigation systems, moving businesses to allow for a large anchor store, reorienting and rebuilding city hall and other public buildings, installing downtown streetscapes, moving housing back from the river, and generally improving the housing stock. In a city such as Detroit, with vast numbers of vacant parcels (perhaps as many as one in five) scattered throughout the city and a relatively dispersed population for a large city, it would enable clearing and clustering redevelopment, creating fewer, more densely populated neighborhoods and providing services only to those concentrated areas. Such radical solutions may be necessary but are deemed politically and logistically infeasible by most officials and observers. The types of emergency responses and options available in cities spatially wiped out by disasters would not work in Detroit, and urban renewal has never been desirable, both because of its impact on the social fabric of the neighborhoods it renewed and generally unaesthetic outcomes. Yet thinking about the types of large-scale or nontraditional economic development options opened by a natural disaster might lead to more innovative solutions for slow economic death.

Federal and state assistance. It seems obvious that focused federal and state investment is essential to rebuilding the economy in places that have suffered natural disasters. Without such a concentrated investment of resources, East Grand Forks could not have been rebuilt, certainly not soon enough to keep residents and businesses from leaving permanently. But there are aspects to the types of state and federal assistance and how it is implemented in response to the disaster that deserve more attention. First, a single grant, program, or funding entity cannot address the magnitude of assistance required. Although the criticism of, and negative focus on, FEMA in the wake of Katrina was well deserved, it should not come as a surprise. Federal agencies, even those whose main mission is to respond to disasters, are not set up for “ASAP;” as one local recipient said in an interview. Even for emergency responses, bureaucratic agencies are still bureaucratic, and certain steps must be taken and requirements met. A consistent local response in the EAP interviews was that EDA was easier and more efficient to work with than FEMA (and note that these interviews were done subsequent to FEMA reorganization, under a prior administration but well before its Katrina debacle—nothing much has changed with FEMA over time). In part, this is because EDA is not expected to respond immediately to emergencies; thus, when it doesn’t, local officials tend to be more understanding—it is in large part about expectations.

However, EDA, and EAP in particular, have a different design from that of FEMA, and this design contains several elements that may make it a better model for responding to natural disasters and to slower deaths if enabling legislation would allow. EDA is a decentralized federal agency divided into six regions (Atlanta, Austin, Chicago, Denver, Philadelphia, and Seattle), each with substantial discretion in awarding grants. At the time of the East Grand Forks flood, EDA’s system of EDRs (there were 32 nationwide at the time of the evaluation), assigned to regional offices but often located in field offices, allowed the EDA to have a local face. EDRs were familiar with local circumstances, cultures and actors, and long-term relationships were developed between local officials and EDA staff. Thus, when emergencies occurred, EDA was able to respond with on-site officials who knew the locality. As noted, that the invisible flood-wall was considered and then implemented had much to do with the presence and vision of the EDR assigned to East Grand Forks.⁴

Second, from an organizational perspective, the response in East Grand Forks is an example of a jurisdiction-based model of intergovernmental relations (Agranoff & McGuire, 1998; Reese & Rosenfeld, 2004). This means that federal grants are just one source of potential revenue allowing local governments to address specific problems. States, regional entities, and a variety of different federal agencies represent alternative or perhaps complementary sources of funding. This fundamentally changes the intergovernmental relationship, permitting more flexible, creative, and complex interactions between federal and local actors, with local officials pursuing their interests and interacting with federal officials through bargaining and strategic actions. Thus, instead of a more traditional top-down federal response, which puts too much and perhaps unreasonable onus on that level and not enough on the local level, a jurisdiction-based approach allows local officials to design appropriate responses to local problems, use their own expertise to develop and implement projects, and create local capacities and resources that last beyond the immediate emergency. The application of state and federal resources to locally defined solutions is a hallmark of EAP, increasing the likelihood that appropriate, culturally acceptable, and—hence—locally supported policies and investment are more likely to result.

Foundation assistance. One of the major reasons for the successful redevelopment of East Grand Forks was the participation, in both time and money, of local and regional foundations. Not only did foundations bring additional resources to the table, they also supported activities essential to the recovery effort that were not necessarily eligible for federal or state funds. The citizen forums and support to allow the mayor to work full time strengthened local social capital and community solidarity. Foundation or other private or quasi-public resources alone

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would not have been sufficient for East Grand Forks to recover; they may best provide essential gap financing to address critical community needs not covered by state and federal programs. For cities experiencing chronic economic disasters, too much is often expected of such third-sector organizations. Voluntary, foundation, faith-based, and community organizations are increasingly seen as alternative service providers in stressed central cities. Charitable Choice initiatives are the policy embodiment of efforts to reduce public sector responsibility for inner-city problems in favor of alternative, hopefully more effective, but less costly and responsive service arrangements. However, this is not a viable long-term solution to chronic urban economic stress because capacities and activities of third-sector providers do not appear to be equal to the task no matter how well intentioned.

Importance of focus on community hope. Repeatedly in the case study interviews used to evaluate EAP, local officials, business owners, and residents indicated that one of the critical outcomes of EDA funding was that it provided a sense of hope for the community—a sense that those outside the area were willing to help; that over time, conditions in the community would get better; and that ultimately, the area could recover from the disaster. This sense of hope led residents to stay in the community rather than moving on, encouraged business owners to reinvest rather than close up shop, provided new businesses with the confidence to locate in the community, and stemmed social decline reflected in divorces, bankruptcies, suicides, and other stress-related health problems. The sense of hope has also been important in large cities experiencing military base closures such as Charleston and San Antonio as it was in more isolated areas experiencing flooding and plant closings such as Sitka, Alaska, and Perryville, Missouri.

As this article is written, the Mardi Gras season is approaching in New Orleans. Public relations and media efforts are emphasizing that the city is ready for visitors and that its celebration of the season will show the world and, more important, the city itself, that it is on the road to recovery. Indeed, it will recover. This sense of hope is in part fueled by the investment of federal and state resources (even if too little too late) to date.

It is not hard to make the case that there is a significant lack of hope surrounding the current and future economic conditions of cities such as Detroit. Slow, painful decline has occurred for years with only intermittent upswings. Local officials, and even some building and economic statistics, would argue that certain things are improving in Detroit—significant clean-up and infrastructure investment have occurred leading up to the 2006 Super Bowl, new businesses have opened in the downtown, significant numbers of new housing units and even new neighborhoods have been built in recent years. However, the city is still struggling with little sense that improvements will come in the future. Indeed, talk about state receivership of both the city and schools is common. What would a sense of real hope provide for Detroit and its residents?

There is another aspect to the issue of hope that differentiates a natural disaster from chronic economic decline. If a hurricane causes flooding that wipes out the economy of New Orleans, it is an “act of God.” Although some have blamed the poor of New Orleans for not leaving more promptly or more willingly, it is difficult to say that their behavior caused the hurricane or its devastation. Along the same lines, without a Congress willing to invest substantially in flood protection for the city, it is difficult to blame local officials for the flooding that occurred subsequent to the hurricane.

But, with chronic economic disasters, who is to blame? Residents of Detroit for not being hardworking enough or for engaging in counterproductive social behaviors? Detroit city officials for being shortsighted, racist, or even corrupt? City bureaucrats for being too slow, incompetent, or corrupt in their development processes? All of this blame has been leveled at actors in and around the city of Detroit. It is so easy to blame the victims and, in turn, for the victims to blame themselves. An urgent, focused, and visible response from multiple levels of government and public and private actors to the economic disasters in cities such as Detroit might change the balance of blame and spark a sense of hope critical to self-help. Breaking the cycle of blame might also lead corporate interests, suburban residents, and state and federal officials to see their own complicity in the unfolding disaster.

Focus on the public sector, public investment, public infrastructure, and public pride. There is one last but very important lesson from East Grand Forks that needs to be applied to economic disasters and that involves the role and value of the public sector. Most urban politics or urban studies classes begin with or include some discussion of the historic cultural views of cities in the United States as compared to those of other countries. Whereas cities in Europe developed as centers of education, the arts, religion, and military strongholds, cities in the United States developed almost centrally focused on the accumulation of private capital. Jefferson's view of "great cities as pestilential to the morals, the health and the liberties of man" (Peterson, 1984 p. 1080) is shared by many today.

Despite a brief focus on grand public edifices and art during the late 1800s following the Chicago Columbian Exposition, the United States culturally has not valued cities. This has led to a relative dearth of public art and grand public buildings and over time, little investment in critical public infrastructure ranging from mass transportation to flood control to school buildings. Conservative and even more liberal political agendas support reductions in taxes and, hence, public services, forces that have translated at the urban or local level into the inability of many cities to pay for even basic services such as recreation, refuse collection, and schools. A central component of the redevelopment of East Grand Forks was downtown streetscapes and the flood control infrastructure but also, very visibly, investment in public buildings. The city hall, fashioned after Monticello, with every element representing a historical aspect of the flood or the roots of East Grand Forks more generally, is a testament to the importance of public buildings in sustaining civic pride, emphasizing that community is important and worth investing in and being a part of. The great cities of the world are greater in part because of public investment in art, architecture, and infrastructure. Much of what will be rebuilt in New Orleans is public infrastructure (based on the very visible lesson learned about the consequences of lack of such investment) and public buildings and sites.

Public investment isn't just about largess, pork, and waste. It's about pride in a community and its people. There are incredible architectural jewels in Detroit and critically acclaimed civic and cultural institutions such as the Detroit Institute of Arts and Belle Isle, a large island city park. However, much of this public infrastructure is crumbling, aging, and decrepit. What does the lack of public investment and decayed infrastructure say about the city of Detroit, its people, and its economic future? What does it say to businesses considering investment in the city or residents considering whether to move in? One important aspect of this is the recent economic development literature focusing on the importance of culture, the arts, and other amenities to economic development (Clark, 2002; Florida, 2002). Another concern is the relationship between public investment and civic pride. A lack of civic pride, similar to a lack of hope, affects external development opportunities and devastates the psyche of a city's residents. Thus, it constitutes a spiritual as well as an economic disaster. Of course, that is what the floods did to New Orleans. But the promise of public investment and public attention does an incalculable amount to recreate pride in community and hope for the future. This is perhaps the greatest difference between what happens after a sudden natural disaster and slow economic death.

The experience of East Grand Forks indicates that recovery from a widespread, major natural disaster, one that leaves an entire community (at least temporarily) totally depopulated and where virtually all public and private infrastructure is damaged, is actually possible. Commitment, cooperation, creativity, inclusivity, and flexibility helped to create a redevelopment framework that generated substantial improvements in a remarkably short time. Although massive reinvestment has been unable to alter the basic dynamics of the local economy, much of East Grand Forks is clearly better off today than before the flood.

Can this model of disaster recovery be transferred to a much larger city? Can the insights gleaned in the 9 years since the flood in East Grand Forks (population about 8,000) provide guidance for the rebuilding of New Orleans (population 440,000) after a similarly devastating natural disaster? Sadly, the experience in Louisiana since last August suggests that many of the valuable lessons learned in Minnesota may not be similarly applied in New Orleans. The problem is not just the difference in the extent or scale of the catastrophe, however. Rather it is the

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demonstrated lack of commitment, cooperation, creativity, inclusivity, and flexibility that will likely produce results in New Orleans that are not nearly as satisfactory as those in East Grand Forks.

And what about cities such as Detroit (and even New Orleans before Katrina), where long-term economic decline is producing equally devastating consequences for residents, businesses, and governments? The anguish of a city in what may be its terminal state of decline is no less real (but seemingly less urgent and telegenic) than that of a city inundated by storm water. But the casualties of slow economic restructuring do not qualify for the assistance programs available from many federal agencies.

Detroit and other dying cities can still benefit from the East Grand Forks story. But absent a riveting natural disaster, it seems unlikely that there will be sufficient political will to produce significant change. In 2015, a decade after Katrina, New Orleans may not be enjoying a recovery to the same extent as East Grand Forks, but New Orleans will almost certainly be better off than Detroit, unless Detroit gets lucky. . . .

NOTES

1. As the table below indicates, applicant contributions or matching funds are part of EAP grants and affect project possibilities. There is considerable variation in the size of grants, with defense conversion grants the largest, followed by infrastructure projects.

2. A more complete description of the methodology and the complete evaluation report can be found in Fasenfest, Reese, Rosenfeld, and Case (2005).

3. Rents on public buildings are used to support a revolving loan fund.

Economic Adjustment Program Grant History

	<i>All Grants</i>
Economic Development Administration mean grant	\$686,624
Median grant	\$300,000
Total grants	\$2.5 billion
Applicant contribution	\$1.2 billion
Total project cost	\$4.0 billion
Number of grants awarded	3,674
Grant range	\$1,649 to \$30 million

4. Careful readers will note that this discussion is phrased in the past tense. During recent years, efforts within the Economic Development Administration (EDA) in Washington to centralize grant authority (and, hence, political power) have led to phasing out the Economic Development Representative (EDR) system. Through attrition, the ranks of EDRs have dwindled to 18 at the end of 2005, and regional and local relations and grant assistance are handled at the regional offices, in some regions, directly overseen by the regional directors themselves. This change does not bode well for the emergency response of EDA because it dismantles just the structure and relations that made it a more effective responder to local disasters of all types.

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