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THE IMPACT OF FEMA REORGANIZATION: IMPLICATIONS FOR POLICY

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**THE IMPACT OF FEMA REORGANIZATION:
IMPLICATIONS FOR POLICY**

CHRISTOPHER J. COYNE, PETER T. LEESON, AND RUSSELL S. SOBEL

EXECUTIVE SUMMARY

This policy comment discusses the impact and implications of the Federal Emergency Management Agency's (FEMA) move from an independent agency with direct congressional oversight to an agency under the umbrella of the Department of Homeland Security (DHS) in 2003. As politics clearly plays a role in the allocation of FEMA funds. It is important to understand the political influence on the allocation of disaster relief. However, it is also important to understand the ways in which FEMA's decisions have changed since its reorganization in order to evaluate proposals to reorganize existing government agencies in the future.

The fundamental ideas of this paper are as follows:

1. There are two sources of political influence over the declaration of disasters and the allocation of FEMA disaster relief: presidential influence over declaring disasters and congressional oversight of fund allocation.
2. The presidential channel of political influence is as much at play today as before FEMA's move. The political influence from the members of the congressional FEMA oversight committees has been severed under the FEMA reorganization under the DHS.
3. The change in congressional influence is due to the additional layers of bureaucracy with overlapping oversight over the DHS and thus FEMA.
4. If one's goal is to remove political influence from FEMA operations, the only way to do so is to reduce the involvement of political actors, effectively turning disaster relief and management over to private organizations and individuals.

THE IMPACT OF FEMA REORGANIZATION: IMPLICATIONS FOR POLICY

I Introduction

THE 9/11 ATTACKS on the World Trade Center and Pentagon led to major changes in the U.S. federal government. Perhaps the biggest change was the creation of the United States Department of Homeland Security (DHS) in November 2002. The purpose of the DHS was to consolidate and streamline organizations related to U.S. homeland security into a single cabinet. A massive reorganization plan was announced with the goal of increasing the efficiency and responsiveness of government agencies in preventing and responding to future terrorist attacks and disasters that threatened U.S. security. As part of this reorganization plan, the Federal Emergency Management Agency (FEMA) was placed under the authority of the DHS in February 2003.

FEMA was created via executive order by President Carter in 1979. The new agency was created by merging several existing disaster-related agencies together including the Federal Insurance Administration, the National Fire Prevention and Control Administration, the National Weather Service Community Preparedness Program, the Federal Preparedness Agency of the General Services Administration, and the Federal Disaster Assistance Administration activities from the U.S. Department of Housing and Urban Development. FEMA's mission was "to lead America to prepare for, prevent, respond to and recover from disasters with a vision of 'A Nation Prepared.'¹ FEMA remained an independent entity with direct congressional oversight until it was merged into DHS in 2003.

The potential impact of FEMA's merger with the DHS has been hotly debated. For instance, a report by the Brookings Institution that discussed the potential merger argued that "while a merged FEMA might become high-

ly adept at preparing for and responding to terrorism, it would likely become less effective in performing its current mission in case of natural disasters as time, effort and attention are inevitably diverted to other tasks within the larger organization."² In contrast, former FEMA Director Michael Brown has argued that Americans would be better served under the new organizational structure because it would create a "FEMA on steroids" that was faster, more responsive, and more efficient.³

In addition to questions surrounding the impact of FEMA's merger with the DHS, the FEMA reorganization raised another important issue. Specifically, how has the reorganization impacted the political economy of FEMA's disaster-relief decisions? Politics clearly plays a role in decisions regarding the allocation of FEMA funds, and the political dynamics facing FEMA changed when it was reorganized under the DHS. As such, it is important to understand how FEMA's post-9/11 merger with the DHS has impacted the federal government's disaster-relief decision making. This is important not only for understanding the various influences on the allocation of disaster relief, but also for understanding the issues associated with future decisions to reorganize existing government agencies.

This policy comment explores the political economy of the FEMA reorganization and explains how FEMA-provided disaster relief is influenced by politics.⁴ The fundamental, policy-relevant ideas in this comment are as follows:

- There are two sources of political influence over the declaration of disasters and the allocation of FEMA disaster relief: presidential influence in the process of declaring disasters and the influence of congressional oversight in the allocation of disaster relief.

1. FEMA website, <http://www.fema.gov>.

2. Ivo H. Daalder, I. M. Destler, James M. Lindsay, Paul C. Light, Robert E. Litan, Michael E. O'Hanlon, Peter R. Orszag, and James B. Steinberg, *Assessing the Department of Homeland Security* (Washington, DC: Brookings Institution, 2002).

3. Quoted in Jon Elliston, "A Disaster Waiting to Happen," *The Independent Weekly*, September 22, 2004.

4. This policy comment is based on Russell S. Sobel, Christopher J. Coyne, and Peter T. Leeson, "The Political Economy of FEMA: Did Reorganization Matter?" *Journal of Public Finance and Public Choice* 17, no. 2/3 (2007): 49–65.

- The channel of political influence coming from the president, who determines whether a FEMA-worthy disaster has occurred, is as much at play today, following the reorganization of FEMA under the DHS, as it was before this merger.
- The political influence coming from congressional influences, namely membership on FEMA oversight committees, has been severed by FEMA's recent reorganization under the DHS.
- The change in the influence of congressional oversight is due to the introduction of additional layers of bureaucracy with overlapping areas of oversight over the DHS and thus over FEMA. The reorganization has diminished the power and importance of any particular committee with FEMA oversight capacity, making it difficult for congressional committee members to appreciably influence disaster-relief resource allocations favorably for themselves.

This policy comment is organized as follows. We first discuss a framework for analyzing the public sector and the behavior of government actors. We then explain the sources of political influence over the operations of FEMA. Next, we consider the empirical evidence regarding these sources of influence. Particular emphasis is placed on the changes in the influence of congressional oversight following the 2003 merger of FEMA with the DHS. We then explore the political economy of bureaucracy to explain the change in the influence of congressional oversight committees. We conclude with a discussion of the main policy implications.

2 The Economics of Politics

IN ORDER TO understand how politics influences the decisions of government actors, we need a framework for analyzing political action. The field of economics known as “public choice” can contribute to this understanding. Public-choice economics emerged in the 1950s from the field of public finance, which focuses on the analysis of government taxation and expenditure. The core principle of public-choice theory is symmetry of behavioral assumptions across private and public actors.⁵ Stated differently, public choice applies the same assumptions that economists use to analyze private actors and extends those assumptions to public actors.

5. For a more detailed introduction to public-choice theory, see Gordon Tullock, Arthur Seldon, and Gordon L. Brady, *Government Failure: A Primer in Public Choice* (Washington, DC: The Cato Institute, 2002).

Economists typically assume that private individuals act in a purposeful manner to achieve their desired goal as best they can within the constraints they face. Public choice calls for the extension of this same assumption to politics and political actors. Put slightly differently, public choice requires that we assume that political actors, just like private actors, pursue their own ends using the best means known to them. This doesn't mean that public actors never behave in an other-regarding manner, but instead highlights that public actors, like private actors, *tend* to identify with their own wants and concerns rather than those of others.

This has important implications for the study and understanding of the public sector. It cannot simply be assumed that political actors pursue the “public interest.” Instead, focus must be placed on political institutions and rules and the incentives they create. A central insight from public-choice theory is that public actors, just like private actors, respond to incentives. The rules created by political institutions will provide incentives for political actors to engage in certain kinds of behavior. Understanding these incentives is critical for understanding the behavior of political actors as well as political outcomes.

For the purposes of this policy comment, we are concerned with how the incentives facing political actors changed following the merger of FEMA with the DHS. In order to do so we first identify the sources of political influence over FEMA. We then compare the impact of these sources in the pre- and post-merger periods.

3 FEMA and Sources of Political Influence

PUBLIC-CHOICE THEORY suggests that bureaus consist of self-interested actors seeking to increase the budget and size of their agencies. The underlying logic is that success in bureaucracy is typically measured by the size of the budget, and number of employees. Bureaus compete over a fixed budget and increasing the size of a bureau is an indication of success and importance. This is central to understanding the operations of FEMA because it suggests that members of FEMA, like members of all other government bureaus, seek to satisfy politicians who matter in achieving this goal.

A closer look at the operations of FEMA indicates two potential avenues of political influence over FEMA operations—presidential influence and congressional oversight.⁶ We consider each source of influence in greater detail in the following subsections. Then, in the next section, we will consider the empirical evidence for each of these sources of influence.

3A. Presidential Influence

THE FIRST AVENUE of influence is the process of disaster declaration. In order to understand why this source of influence exists, it is important to understand the laws governing the operation of FEMA. FEMA operations are governed by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 100-707) which amended the Disaster Relief Act of 1974 (Public Law 93-288). Under the Stafford Act there is no clear guideline for when an event is “severe” enough to be declared as an official disaster. Instead the president is given unilateral discretion over this process. When a disaster occurs, the governor of the affected state contacts the president requesting a disaster declaration and the president then makes a final decision as to whether to declare a disaster.

On average, the president generally grants slightly under three-fourths of such requests.⁷ From 1981 to 2006 the average number of disasters declared per year was 40, and while a rare few of these were for weather events such as Hurricane Katrina, which were clearly major disasters, the vast majority were declared for “severe” snowstorms, rainstorms, wind, and other smaller-scale weather events.

The public-choice model makes two specific predictions with respect to the presidential declaration process. First, presidents should be more likely to declare disasters during reelection years. The underlying logic is that in election years, presidents will want to distribute as many benefits to voters as possible to maximize voter

support. Disaster declaration is one way for the president to signal the delivery of benefits to voters.

The second, and related, prediction is that presidents should be more likely to declare disasters in those states that are more politically important. A central motivation for presidents is maintaining and increasing voter support. This is especially important in states that are politically important. An example of a politically important state would be a “swing state” where no one candidate has overwhelming support. In such cases, the benefit to the incumbent of securing additional voter support is significant. The use of the declaration powers granted under the Stafford Act is one means of achieving this end.

3B. Congressional Oversight

THE SECOND SOURCE of political influence in the disaster-relief process is in the level of FEMA disaster-relief spending given that a disaster has been declared by the president. Earlier studies identify congressional oversight as a central influence on FEMA spending.⁸ In particular, states with representatives on House oversight committees for FEMA tend to get significantly more funding per disaster. The underlying logic is bureaus respond to the desires of Congress because of the influence and power that Congress holds over budgetary decisions that directly impact bureaus. Several studies support this logic regarding the relationship between bureaus and Congress.

For example, individual studies by Terry Moe and Barry Weingast, as well as a study performed together by Barry Weingast and Mark Moran, discuss and analyze how congressional committees that have both budgetary and oversight responsibilities over bureaus will result in the tendency of bureaucrats to adopt and implement the policy preferences of those legislators.⁹ Bureaucrats want to maximize their budgets in future periods and do so by satisfying the desires of legislatures in the present period.

6. See Thomas A. Garrett and Russell S. Sobel, “The Political Economy of FEMA Disaster Payments,” *Economic Inquiry* 41, no. 3 (2003): 496–509.

7. Source of percentage of presidential declarations from the Public Entity Risk Institute database of Presidential Disaster Declarations, <http://www.peripresdecusa.org/mainframe.htm>.

8. Garrett and Sobel, “The Political Economy.”

9. Terry M. Moe, “An Assessment of the Positive Theory of Congressional Dominance,” *Legislative Studies Quarterly* 12 (1987): 472–520; Terry M. Moe, “The Positive Theory of Congressional Dominance,” in *Perspectives on Public Choice: A Handbook*, D. C. Mueller, ed. (New York: Cambridge University Press, 1997), 455–480; Barry R. Weingast, “The Congressional-Bureaucratic System: A Principal Agent Perspective (With Applications to the SEC),” *Public Choice* 44, no. 1 (1984): 147–191; Barry R. Weingast and Mark J. Moran, “Bureaucratic Discretion or Congressional Control? Regulatory Policy-Making by the Federal Trade Commission,” *Journal of Political Economy* 91, no. 5 (1984): 765–800.

A study by Roger Faith, Donald Leavens, and Robert Tollison finds that case rulings of the Federal Trade Commission (FTC) tend to be more favorable for firms whose headquarters are located in a district having representation on the FTC congressional oversight committees.¹⁰ Kevin Grier finds that Federal Reserve policy is influenced by leadership changes in the Senate Banking Committee.¹¹ Marilyn Young, Michael Reksulak, and William Shughart find that audit rates by the Internal Revenue Service (IRS) are lower in states that have political importance in the next presidential election.¹² They also find that IRS audit rates are lower in the congressional districts of members of congressional committees responsible for oversight of the IRS.

Understanding the relationship between government bureaus and Congress is important for understanding the allocation of FEMA disaster funds. Congressional oversight has always played a role over FEMA. FEMA remained an independent entity with direct congressional oversight until it was merged into the DHS in 2003. Following the merger, the dynamics of congressional oversight changed. Specifically, after the 2003 reorganization, FEMA moved down in the oversight process. The DHS is now subjected to direct congressional oversight, and FEMA, which is a small part of the DHS, essentially became lost in the mix.

In the next section we consider the empirical evidence for the two sources—presidential influence and congressional oversight—of political influence over FEMA. In subsection B we discuss why the influence of congressional oversight has changed in the post-merger period. In short, the size of the DHS, combined with a lack of clear oversight, has led to political infighting and turf battles over control of the larger DHS budget.

4

Empirical Evidence for the Impact of FEMA Reorganization

AN EARLIER STUDY empirically analyzed the predictions of the public-choice model as it relates to FEMA disaster

expenditures for the 1991–1999 period.¹³ That study concludes that nearly half of all disaster relief is motivated by politics. More recently, the authors of this policy comment conducted a similar study using more current data from the pre-Katrina, 2003–2005 period.¹⁴ Comparing the results from these two studies allows us to isolate the impact of the FEMA–DHS merger on the sources of political influence discussed above.

4A. Presidential Influence

THERE ARE TWO predications regarding presidential influence over FEMA disaster declarations and expenditures. The first is that presidents should be more likely to declare disasters during reelection years. The second is that presidents should tend to declare disasters in those states that are more politically important. The empirical evidence supports both of these predictions.

Regarding the first prediction, consider the raw data regarding the timing of presidential declarations. Figure 1 depicts the number of disasters declared by each of the past four presidents. The black bar indicates the president's reelection year.

Figure 1 suggests a clear and consistent trend: Each president has declared the most disasters during his reelection year. Importantly, this result not only holds across time, but also across political affiliation. Further, this trend has continued past the 1999 data into the present.

In addition to the insight provided by this raw data, an earlier study found strong presidential influence over both disaster declaration and the allocation of disaster expenditures.¹⁵ Specifically, the study found that those states having a higher electoral importance have a higher rate of presidential disaster declaration. The authors of the study also found that the mean rate of presidential disaster declaration was higher during an election year as compared to a non-election year. They conclude that the rate of disaster declaration across states is not only a function of disaster occurrence, but is influenced by the political benefits that a state can offer the president.

10. Roger L. Faith, Donald R. Leavens, and Robert D. Tollison, "Antitrust Pork Barrel," *Journal of Law and Economics* 25, no. 2 (1982): 329–342.

11. Kevin B. Grier, "Presidential Elections and Federal Reserve Policy: An Empirical Test," *Southern Economic Journal* 54 (1987): 475–486.

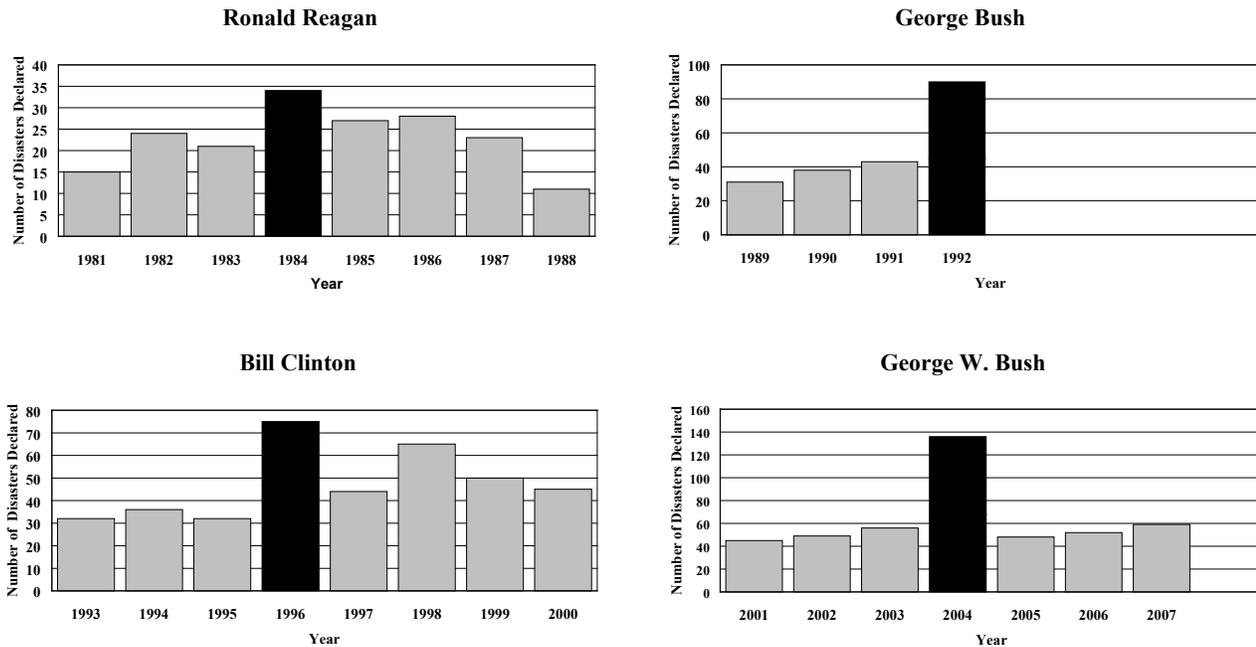
12. Marilyn Young, Michael Reksulak, and William F. Shughart II, "The Political Economy of the IRS," *Economics and Politics* 13, no. 2 (2001): 201–220.

13. Garrett and Sobel, "The Political Economy."

14. Russell Sobel, Christopher Coyne, and Peter Leeson, "The Political Economy of FEMA: Did Reorganization Matter?" *Journal of Public Finance and Public Choice* (forthcoming).

15. Garrett and Sobel, "The Political Economy."

FIGURE 1—NUMBER OF DISASTERS DECLARED BY PRESIDENT



Source: FEMA webpage (http://www.fema.gov/news/disaster_totals_annual.fema). Last accessed December 5, 2007.

The results of the more recent study by the authors of this policy comment for the 2003 (post DHS move) to 2005 pre-Katrina period show virtually identical results to those found previously using 1991–1999 data. Mainly, the electoral importance of the state in question remains significant and positive following the FEMA merger with the DHS.

In sum, presidential politics are still at play in the post-DHS reorganization as they were before this reorganization. Presidents are more likely to declare disasters in election years and in states that are potentially more politically important. This makes sense because the fundamental process of presidential disaster declaration, as per the Stafford Act, has remained unchanged. As such, the channel of presidential influence on disaster declarations has remained constant over time.

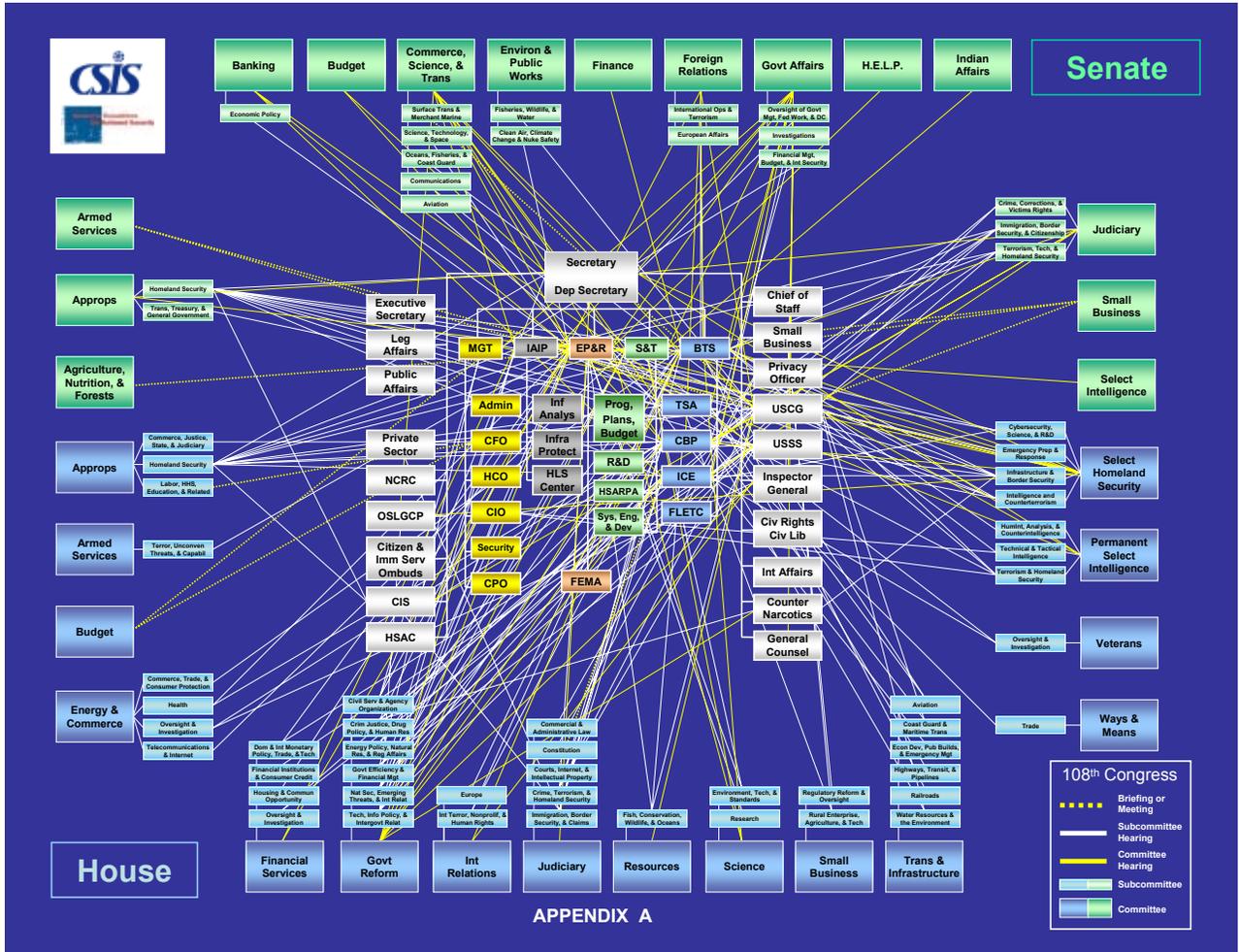
4B. Congressional Oversight

PUBLIC-CHOICE THEORY suggests that FEMA disaster expenditures will be influenced by the members of the congressional oversight committees because these members influence FEMA’s budget. An earlier empirical study confirmed this prediction by finding that those states having greater representation on FEMA oversight committees received more FEMA disaster relief.¹⁶ Specifically, the study found that states having legislators on a Stafford Act oversight committee received an additional \$26 million in FEMA disaster expenditures for each legislator on a subcommittee. Further, this previous study indicated that the average level of disaster expenditures during the 1996 election year was \$140 million higher than during the non-election year.

A recent study by the authors of this policy comment reached a significantly different conclusion than that of previous studies. Specifically, our study of the post-DHS merger period found that congressional oversight influ-

16. Garrett and Sobel, “The Political Economy.”

FIGURE 2 – CONGRESSIONAL OVERSIGHT



Thomas Foley and Warren Rudman, *Untangling the Web: Congressional Oversight and the Department of Homeland Security* (Washington, DC: Center for Strategic and International Studies, 2004).

ence was non-existent. Stated differently, while oversight committees had a direct influence on the allocation of FEMA aid *prior* to merger, after the merger this influence was absent.

The reason for this change is that the lines of oversight have become blurred after the reorganization due to the layers of bureaucracy associated with the DHS and its oversight. Prior to the merger with the DHS, FEMA was an independent agency with a total of nine long-standing oversight subcommittees.¹⁷ With the reorganization, the previously independent FEMA became a relatively

small part of the third-largest department (the DHS) in the U.S. federal government with its own complicated set of oversight committees. The complexity and confusion surrounding DHS oversight are illustrated in figure 2.

In a 2004 report on the congressional oversight of the DHS, former Speaker of the House Thomas Foley and former senator Warren Rudman noted that every senator, as well as 412 of 435 House members, has some degree of influence over the operations of the DHS.¹⁸ The result is that “very few members of Congress have any real incentive to acquire expertise . . . beyond their committee’s or

17. See Garrett and Sobel, “The Political Economy.”

18. Thomas Foley and Warren Rudman, *Untangling the Web: Congressional Oversight and the Department of Homeland Security* (Washington, DC: Center for Strategic and International Studies, 2004).

subcommittee's domain."¹⁹ Further, DHS officials must allocate significant time and resources answering to the many oversight committees at the expense of performing the tasks required to fulfill the mission of the DHS. In the following section, we will provide more insight into the nature and dynamics of the increased bureaucracy surrounding FEMA after the 2003 merger with the DHS.

In our recent study we focused on the four major committees identified by Foley and Rudman—House Appropriations on Homeland Security, Senate Appropriations on Homeland Security, House Select Homeland Security, and the Senate Committee on Homeland Security and Government Affairs—to test whether there is congressional influence over FEMA.

The House and Senate Appropriations committees control FEMA's budget. FEMA's appropriation comes from the Homeland Security appropriations bill and the appropriations committees can appropriate more than is authorized or add in earmarks for specific FEMA programs. The House Select Homeland Security committee was initially established in 2002 and charged with developing "recommendations and reporting to the House on such matters that relate to the establishment of a department of homeland security." After accomplishing this task, the committee shifted its focus to oversight. Because the DHS is part of the executive branch, it requires congressional oversight, and the purpose of the House Select Committee is to fulfill this role. Finally, the Senate Committee on Homeland Security and Government Affairs possessed the primary jurisdiction over the initial creation of the DHS and is the main oversight committee of the U.S. Senate.

The logic behind focusing on these committees is, in our analysis, straightforward. Following the merger of FEMA with the DHS, there are numerous committees involved in the oversight of the DHS, and the lines of control and oversight are unclear. However, if any of the numerous oversight committees is going to influence the allocation of FEMA disaster payments, it would be one of these four major committees. If these major oversight committees fail to have an influence over the allocation of FEMA funds, we would expect that many smaller committees also have little to no influence. Our main finding was that the reorganization of FEMA under the Department of Homeland

Security in 2003 reduced the influence of congressional politics on the distribution of FEMA funding.

5

The Political Economics of Bureaucracy: Explaining the Change in the Influence of Congressional Oversight

THE CHANGE IN the influence of congressional oversight on FEMA in the post-merger period is due to the increased layers of bureaucracy within the DHS. In order to understand the impact of the merger, one must have an understanding of the nature of bureaucracy. This section explores the political economy of bureaucratic structures.

All bureaucracies face the dual problems of information distortion and incentive compatibility.²⁰ On the one hand, as the chain of command within a bureaucracy gets larger, it is more likely that information will be distorted because, as the number of people in a communication chain expands, it is more likely that the sharing of information will be incomplete or inaccurate. On the other hand, as bureaucracies become more decentralized—which lessens the problem of information distortion because it shortens the communication chain—it becomes increasingly difficult to ensure that the incentives of all the decentralized nodes are aligned in the pursuit of the broader overarching goal. When there are numerous and separate bureaucracies, the result can be in-fighting and conflict as each separate entity seeks to maintain and increase its position of power. While decentralizing bureaucracy reduces information distortions, it also requires that clearly delineated rules are established to ensure that incentives are aligned across the decentralized nodes.

In the context of FEMA and the DHS, the 2003 merger created a set of incentives that generated perverse outcomes along the lines just discussed. While oversight committees are supposed to serve as a key check on the DHS to ensure that it performs its stated duties, the incentives created by the magnitude of the oversight bureaucracy have resulted in in-fighting and turf wars with parties having little incentive to cede control or power. Along these lines, Thomas Foley and Warren Rudman

19. *Ibid.*, 2.

20. Gordon Tullock, *The Politics of Bureaucracy (1965)* in *The Selected Works of Gordon Tullock, Volume 6: Bureaucracy*, Charles Rowley, ed. (Indianapolis: Liberty Fund, 2005).

note that the “fragmentation [of oversight] preserves rivalries and cultural barriers that the creation of the Department [of Homeland Security] was intended to eliminate; and it prevents DHS from acting as a single, well-coordinated team.” The result is “a Department of Homeland Security that is hamstrung by a system of congressional oversight that drains departmental energy and invites managerial circumvention.”²¹

The growth of bureaucracy associated with the increased oversight of the reorganized DHS has significant implications for congressional influence in the allocation of FEMA funds. An earlier, pre-DHS-merger study of FEMA found that the allocation of disaster payments was relatively higher in states represented on oversight committees.²² However, with the introduction of numerous new levels of bureaucracy following the merger with the DHS, there is general confusion over what oversight committees have control and power. In other words, because there are no clear lines of oversight, DHS officials and departments must answer to many masters where no one person has strong influence or control. Moreover, the numerous layers of bureaucracy result in conflict between oversight committees that are supposed to be coordinated on the common goal of ensuring that the DHS delivers on its mission. This stands in stark contrast to the period when FEMA was an independent agency and had its own set of long-standing oversight committees. Before the merger with DHS, the oversight of FEMA was clear, as were the sources of congressional influence. This is no longer the case following the 2003 merger.

6 Implications for Policy

IN THIS POLICY comment we showed the political economy of FEMA. We explained how public-choice theory provides a means of analyzing and understanding the incentives created by political institutions as well as the behaviors of political actors who respond to those incentives. We then discussed the sources of political influence over FEMA operations. We identified two main sources of political influence: presidential disaster declaration and congressional oversight. We then reviewed the empirical evidence regarding each of these

influences. Particular emphasis was placed on comparing the pre- and post-merger of FEMA with the DHS. While the president continues to exert influence over the operations of FEMA through the declaration of disasters, congressional influence over FEMA has weakened following the 2003 merger. An understanding of the political economy of bureaucracy provides insight into why this change occurred following the merger.

The main implications of this policy comment can be summarized as follows:

- There are two sources of political influence over FEMA operations: presidential influence through disaster declaration and influence through congressional oversight.
- The channel of political influence coming from the president, who determines whether a FEMA-worthy disaster has occurred, is as much at play today, following the reorganization of FEMA under the DHS, as it was before this merger in the years leading up to 2003. This makes sense since, as we discussed, this part of the disaster relief process was unaffected by the recent FEMA/DHS merger. When it comes to the chief executive’s decision making about natural disasters, FEMA relief continues to be decided largely on political grounds rather than being based on need. In presidential reelection years and in states more politically important to the president, the president declares more natural disasters, allowing FEMA money to flow when and where it will help him most.
- The other potential channel of political influence that has historically played a large role in determining the allocation of FEMA resources—that coming from congressional influences, namely membership on FEMA oversight committees—has been severed by FEMA’s recent reorganization under the DHS. This is not because political actors have become less self-interested as a result of FEMA’s reorganization. Instead, by introducing a complex and unclear array of congressional committees with overlapping areas of oversight over the DHS and thus over FEMA, it appears that this reorganization has simply diminished the power and importance of any particular committee with FEMA oversight capacity, making it overly difficult for congressional committee members to appreciably influence disaster-relief resource allocations favorably for themselves.

21. Foley and Rudman, *Untangling the Web*, 1–2.

22. Garrett and Sobel, “The Political Economy.”

- There is a trade-off between clear lines of congressional oversight and the inefficiencies associated with additional bureaucracy. As the case of FEMA indicates, when the lines of congressional oversight are clear, members of oversight committees can influence the behavior of the bureaus they oversee. Moreover, this influence can be used to further the narrow interests of oversight committee members. When additional layers of bureaucracy are added, as in the case of the 2003 merger of FEMA with the DHS, it reduces the political influence of oversight committees. At the same time, additional layers of bureaucracy stifle the effectiveness of government oversight in the form of checks and balances on the behavior of government bureaus.
- The only way to remove the political influence from the operations of FEMA is to reduce the involvement of political actors to the greatest degree possible. One alternative would be to turn disaster relief and management over to private organizations and individuals. This would reduce the influence of the president and congressional oversight committees on the allocation of disaster-related resources. An added benefit would be a reduction in the bureaucracy associated with centralizing disaster relief. The massive bureaucracy associated with FEMA not only blurs lines of congressional oversight, but also reduces its effectiveness in achieving its mission.

There is evidence to support this alternative. For instance, studies indicate that private businesses, such as Wal-Mart, were more responsive in the wake of Hurricane Katrina precisely because they were decentralized and possessed the local knowledge to respond quickly to “on-the-ground” conditions.²³ Also consider the response of U.S. citizens following the tsunami which struck Indonesia in 2004. Private citizens and organizations in the U.S. pledged over \$400 million and were able to choose the organizations where they donated their aid.²⁴ Private charity introduces competition and allows private individuals and organizations to rely on local knowledge resulting in the more effective use of assistance.

7 Conclusions

POLICYMAKERS MUST REALIZE that the structure of political institutions, including congressional oversight, creates incentives for political actors. In the case of FEMA disaster relief, there are two key sources of influence. While the president continues to influence FEMA’s operations through disaster declarations, the 2003 merger with the DHS weakened the influence of congressional oversight committees.

As the aforementioned report by Thomas Foley and Warren Rudman indicates, there are increasing calls to streamline the congressional oversight of both FEMA and the DHS.²⁵ However, policymakers must recognize the trade-off involved with removing the layers of bureaucracy that currently exist. While streamlining the oversight process will reduce the inefficiencies associated with bureaucracy, it will also increase the likelihood that congressional oversight will influence political outcomes as in the pre-merger period. As discussed, we cannot assume that this influence will align with the “public interest.” For obvious reasons, finding the right trade-off between bureaucracy and clear lines of congressional oversight is a difficult task. Policymakers should also consider more radical alternatives that reduce political involvement and influence in the process of disaster relief and management.

23. Steven Horwitz, “Wal-Mart to the Rescue: Private Enterprise’s Response to Hurricane Katrina,” *The Independent Review* 13, no. 4 (2009).

24. Christian Science Monitor, “A ‘Tsunami’ in Private Giving,” *Christian Science Monitor*, January 24, 2005, <http://www.csmonitor.com/2005/0124/p08s01-comv.html>.

25. Foley and Rudman, *Untangling the Web*.



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