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Who is stuck on stupid?

By Richard W. Rahn

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Two adjoining building lots with beautiful views of the Gulf of Mexico were for sale. One was purchased by Mr. Charles Ant, an engineer, and the other was purchased by Mr. Teddy Grasshopper, a lawyer. Each lot was 6 feet above sea level. Scientists had calculated there was a 10 percent chance of a 5-foot storm surge, a 5 percent chance of a 10-foot surge, and a 2 percent chance of a 15-foot surge along that section of the Gulf coast in any given year.

Mr. Ant decided to raise the level of his lot and build his house on pilings so that the bottom floor was 18 feet above sea level. In addition, he built his house of reinforced concrete with hurricane-proof windows. Mr. Grasshopper built his house at sea level using a light wood frame and siding construction. They spent the same dollar amount to build their houses, but because Mr. Grasshopper built a less rugged structure he was able to build twice as many square feet as Mr. Ant.

Mr. Ant acquired home owners insurance, including flood insurance. Mr. Grasshopper found that the insurance companies wanted to charge him 10 times more for insurance than Mr. Ant because his house was a much greater risk, so he decided not to insure his property. After a few years, not unexpectedly, a hurricane hit with a 10-foot storm surge. Mr. Grasshopper's house was destroyed, and Mr. Ant's house was undamaged.

Mrs. Grasshopper gave a tearful TV interview, saying they had lost everything. Mr. Grasshopper argued that, because the hurricane was "an act of God," the taxpayers should pay for rebuilding his house.

Mankind has accumulated a significant stock of knowledge about the probability of hurricanes, tornadoes, earthquakes, wildfires, and other assorted natural disasters occurring in any given location on the planet. However, it is ironic that as we obtain better information on how to build to protect ourselves from the dangers in any given area, there is increased demand among many in the media and political class to socialize the costs of these predicable disasters to all taxpayers.

Why should Mr. Ant have his taxes increased to pay for the poor judgment and immediate gratification philosophy of Mr. Grasshopper?

We know mobile homes are very dangerous shelters in a hurricane. Yet the government is trying to build mobile home parks in New Orleans and the vicinity to house those who lost homes.

Housing and social experts from several major policy institutes have suggested a far better alternative. Give the disposed “housing vouchers” they can use anyplace in the country. This would allow those who have lost their homes to find the most appropriate housing for their family circumstances, in places that offer greater job opportunities than New Orleans has at present. The program would be far cheaper, and provide better and safer housing in existing structures.

A number of politicians have proposed rebuilding in the below-sea level portions of New Orleans (with the promise the levees will never break again – where have we heard that before?).

The State of Florida was more sensible after hurricane Andrew, in prohibiting the building of new structures near the water that are not at least 15 feet above sea level (you can put your structure on an artificial mound or on stilts).

Rather than being “stuck on stupid,” government officials should say any rebuilding in New Orleans can only be done if the structures are well above sea level (again allowing artificial mounds and stilts) and are built to be reasonably hurricane proof. You might end up getting clusters of attractive artificial islands with houses surrounded by waterways.

People often like to live in dangerous areas along the Atlantic and Gulf coasts and in California. If you want to live in the hills over Malibu for the great weather and the stupendous views, then you should also be responsible for building a fire- and earthquake-resistant home with fire-prone brush cleared from the vicinity. If you want to live on the sea, then either build far enough back in a strong enough structure to withstand the storms that will come, or build a flimsy structure on the water that you view as disposable (without any expectation or request that the taxpayers subsidize you in any manner when the home succumbs to the forces of nature).

Societies that allow the political class to subsidize the grasshoppers of the world, while penalizing the ants (in higher taxes to pay for the subsidies) are “stuck on stupid.”

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