

The Katrina Catastrophe

Much has already been written and said about the energy costs to the nation resulting from the devastation brought by Hurricane Katrina. Yet there are other costs and, without being ghoulish, benefits to be considered. Some of these will apply to Indiana specifically.

In the next year, hundreds of millions of dollars will be spent on rebuilding homes and businesses in Louisiana, Mississippi and Alabama. Structures will have to be rebuilt which will require both materials and labor. Infrastructure rebuilding in the devastated areas will have similar effects as bridges, roads, levees, electrical and other systems are restored.

Hoosier workers and businesses can benefit from these efforts. At the same time, projects in the Hoosier state may become more expensive as labor and materials flow to meet the needs along the Gulf coast.

Hoosier businesses will benefit as effected Southern enterprises rebuild their inventories. Orders will flow to our factories to replace goods damaged or destroyed in the storm. Machinery will be in high demand for specialized construction efforts.

None of these anticipations are stated with pleasure. The vagaries of natural disasters are never a source of joy.

—Morton Marcus, Director Emeritus, Indiana Business Research Center, Kelley School of Business, Indiana University



Source: NOAA, U.S. Department of Commerce

TABLE 1: HURRICANE DAMAGE, 1965 TO 2004

	Description of Hurricane	Loss of Life (U.S. Casualties)	Damage Estimates (Adjusted to 2000 Dollars)
1965	HURRICANE BETSY: August 27 - September 12 LOCATION: Southern Florida and Louisiana ESTIMATED DAMAGE: \$1.4 Billion	75	\$8.5 billion
1969	HURRICANE CAMILLE: August 14 - 22 LOCATION: Mississippi, Louisiana, Alabama, Virginia, West Virginia ESTIMATED DAMAGE: Camille \$1.4 Billion	256	\$6.9 billion
1972	HURRICANE AGNES: June 14 - 23 LOCATION: Northwest Florida to New York ESTIMATED DAMAGE: \$2.1 Billion	117	\$8.6 billion
1979	HURRICANE FREDERIC: August 29 - September 15 LOCATION: Alabama and Mississippi ESTIMATED DAMAGE: \$2.3 Billion		\$4.9 billion
1983	HURRICANE ALICIA: August 15 - 21 LOCATION: Galveston and Houston, Texas ESTIMATED DAMAGE: \$2.0 Billion	21	\$3.4 billion
1985	HURRICANE JUAN: October 6 - November 1 LOCATION: Louisiana and the Southeast ESTIMATED DAMAGE: \$1.5 Billion	63	\$2.4 billion
1989	HURRICANE HUGO: September 10 - 22 LOCATION: Caribbean Sea, South Carolina, and North Carolina ESTIMATED DAMAGE: \$7.0 Billion	57	\$9.7 billion
1992	HURRICANE ANDREW: August 22 - 26 LOCATION: Bahamas, Southern Florida, and Louisiana ESTIMATED DAMAGE: \$26.5 Billion	26	\$34.9 billion
1995	HURRICANE OPAL: November 29 LOCATION: Florida Panhandle and Alabama ESTIMATED DAMAGE: \$3.0 Billion	9	\$3.5 billion
1996	HURRICANE FRAN: September 5 LOCATION: North Carolina and Virginia ESTIMATED DAMAGE: \$3.2 Billion	37	\$3.6 billion
1999	HURRICANE FLOYD: September 14 - 18 LOCATION: Bahamas to New England ESTIMATED DAMAGE: \$4.5 Billion	57	\$4.6 billion
2001	TROPICAL STORM ALLISON: June 8 - 15 LOCATION: Gulf Coast to Southern New England ESTIMATED DAMAGE: \$5.0 Billion	41	\$5.0 billion*
2003	HURRICANE ISABEL: September 18 LOCATION: North Carolina and Virginia ESTIMATED DAMAGE: \$3.7 Billion	50	\$3.7 billion*
2004	HURRICANE CHARLEY: August 13 HURRICANE FRANCES: September 5 HURRICANE IVAN: September 16 HURRICANE JEANNE: September 26 LOCATION: Florida, Alabama, and Southern United States TOTAL ESTIMATED DAMAGE: \$42 Billion	152	\$42 billion*

*Not adjusted to 2000 dollars
Sources: IBRC, using "U.S. Hurricanes" from Infoplease at www.infoplease.com/ipa/A0001443.html, and NOAA at www.ncdc.noaa.gov/oa/climate/research/2004/hurricanes04.html#impacts.