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Bottom-up Responses to Crisis

Edited by Stefanie Haeffele · Virgil Henry Storr

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Mercatus Studies in Political and Social Economy

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Political economy is a robust field of study that examines the economic and political institutions that shape our interactions with one another. Likewise, social economy focuses on the social interactions, networks, and communities that embody our daily lives. Together, these fields of study seek to understand the historical and contemporary world around us by examining market, political, and social institutions. Through these sectors of life, people come together to exchange goods and services, solve collective problems, and build communities to live better together.

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1

Introduction

Stefanie Haeffele and Virgil Henry Storr

1.1 Introduction

Crises can disrupt and even destroy lives. Think of disasters like hurricanes, earthquakes, fires, and floods. Think of economic crises like episodes of hyperinflation or severe economic downturns. Think of political crises like riots and revolutions. These crises seem to be occurring with increasing frequency in small and large, rich and poor, isolated and connected communities around the globe. Indeed, every individual and community is vulnerable to crises. Whether or not an individual or

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community succeeds or fails, thrives or flounders, prospers or struggles will depend in part on how they respond to these crises.

Effectively responding to crises, however, can be a daunting challenge. Consider, for instance, Hurricane Katrina which devastated New Orleans, Louisiana, and much of the Gulf Coast, in August of 2005. Hurricane Katrina and the flooding that followed resulted in over 1800 deaths and \$100 billion in damages (Knabb et al. 2006). New Orleans suffered the worst damage. As much as 80 percent of the city was flooded, 70 percent of the housing units were damaged, and around 600,000 residents were still displaced a month after the storm.¹ Recovering from a disaster of this scale and scope is extremely difficult for displaced disaster survivors. While the benefits of returning and rebuilding are necessarily uncertain, the costs of returning and rebuilding a damaged or destroyed home can be extremely costly. Returning and rebuilding only makes sense if key goods and services that they need to live are going to be available and other key people and institutions that they rely on also return and rebuild. Individuals within the community must assess the damage to their homes, determine if they are likely to have a place to work and socialize, and if they wish to return, must find ways to work with others from their community to rebuild. Business owners and government officials must figure out if they will have a community to serve and will need to make decisions about where and when to reopen their business or restart public services. In this scenario, the rational move for disaster survivors is to wait and see what others do before committing to a particular recovery strategy. Because of this situation where rebuilding in the wake of a disaster is only rational if others rebuild as well, Storr et al. (2015) and others have described post-disaster recovery as a collective action problem.

Similar challenges are faced by citizens and governments alike during post-war reconstruction, economic recessions, and other types of crises. Yet, we see individuals and communities rebounding from crises all the time. As John Stuart Mill ([1848] 1885, 94–95) remarked, the “great rapidity with which countries recover from a state of devastation” is something of a marvel but is also quite common. Likewise, we see individuals rebounding from crises again and again. How do individuals and communities go about returning to normalcy and beginning again the mundane life of everyday affairs after a crisis? Arguably, effectively

responding to crises often requires that the individuals affected find ways to work with one another. Effectively responding to crises also often requires mobilizing significant resources.

Not surprisingly, individuals and communities often turn to government in response to crises. In the wake of crises, governments seem like the only entities who have the resources to meaningfully help survivors and the capability to restore disrupted services or provide needed goods and services. National and supranational governmental organizations are often seen as being in the best position to identify the problems, understand the circumstances, provide resources, direct action, and coordinate among the various constituencies following a major crisis. Governments, however, can themselves be overwhelmed by crises, depending on their scale and scope. Moreover, government can sometimes be the cause of the crisis and some might not be well positioned to provide the solution to the crisis. In these circumstances, individuals and communities must depend on bottom-up solutions.

This volume examines an important aspect of responding to crises that is often overlooked by media and policymakers—the potential and capabilities of bottom-up efforts. This volume provides an overview of the literature on bottom-up crisis responses, highlights the lessons learned from several studies of particular bottom-up crisis responses, and provides a framework for future research and policy discussions on the potential of individuals and their communities to participate in and drive their own crisis response efforts.

1.2 Why Bottom-Up Response and Recovery Efforts Matter

Due to the scale and scope of crises—often resulting in large-scale destruction and uncertainty at the community, state, and national level—it is not surprising that there are consistent calls from citizens, the media, scholars, and policymakers for government involvement. Centralized government authority (either the federal government, other national governments, or supranational governmental organizations) is

often viewed as necessary for leading and coordinating crisis response efforts in order to bring together and prioritize efforts from many constituencies and for providing the resources (such as funding, qualified personnel, infrastructure, and equipment) needed to respond effectively (see Pipa 2006; Tierney 2007; Thaler and Sunstein 2008; Springer 2009; Fakhruddin and Chivakidakarn 2014; Coppola 2015). Further, crises (such as natural disasters) can lead to communication system failures, can expose security vulnerabilities, and are often caused by and can exacerbate systemic environmental issues that seem beyond the ability of any individual to address. These complications only bolster the calls for government involvement.

It is increasingly difficult, however, to centrally or cohesively train for, mitigate against, and respond to the complicated circumstances caused by crises. To fully understand, coordinate, and respond to crises, central authorities (just like individuals and communities) must be able to (1) access information about the damage on the ground and resources available, (2) prioritize and initiate activities, and (3) adapt when circumstances change. There is a robust literature pointing to the challenges of a central authority's ability to access and utilize dispersed knowledge and resources (see Mises [1920] 1990; Hayek 1945; Lavoie 1985a) and to adjust when errors or changes occur (see Kirzner 1985; Lavoie 1985b; Ikeda 2005). These challenges, arguably, are exacerbated in times of crises, when communication systems are hindered and information about the extent of the damage and individuals impacted may be uncertain or change dramatically over time. Indeed, after a crisis like a hurricane or earthquake, central authorities tend to face challenges identifying and assessing needs and coordinating resources in the immediate response. Government personnel can take days to weeks to arrive, to assess the situation, and begin to provide goods and services to those in need. Additionally, recovery plans tend to take a long time to compile, face backlash when released, and are revised, which can all delay actual recovery (see Sobel and Leeson 2007; Coyne 2008, 2013; Chamlee-Wright 2010; Haeffele-Balch and Storr 2015; Storr et al. 2015).

While the media, the public, and policymakers often turn to government for the official response after a crisis, the individuals directly impacted by a crisis must find ways to stay safe, contact their loved ones,

assess the damage, and figure out what to do next. In other words, the survivors of a disaster must go about response and recovery no matter if an official government response and recovery effort takes place or not. Given this, and the real challenges central authorities face, it is important to examine how individuals go about participating in their own recovery as well as their limitations and potential for success.

Individuals and local organizations who come together to respond to crises can be said to bring about recovery from the bottom-up. Their focused efforts utilize their social capital and networks and their skills and expertise to obtain information on the challenges they face and to coordinate with others (see Bolin and Stanford 1998; Hurlbert et al. 2000, 2001; Shaw and Goda 2004; Paton 2007; Chamlee-Wright 2010; Aldrich 2012; Storr et al. 2015). Their approaches allow for information sharing, error correction, and ultimately, social learning (see Chamlee-Wright 2010; Storr et al. 2015, 2017). Moreover, bottom-up efforts provide the experiences and capacity for becoming more resilient communities (see Chamlee-Wright 2010; Aldrich 2012; Burton 2014; Storr et al. 2015).

Local entrepreneurs and community leaders—such as pastors, business owners, and local government officials—play an important role in connecting disparate residents, inspiring others to commit to recovery, voicing the opinions and expectations of the community, and providing needed goods and services (see Chamlee-Wright 2010; Storr et al. 2015). Perhaps surprisingly, even big businesses—such as Walmart, Tide, and others—are drivers of response and recovery by giving local managers autonomy to best serve their communities, shifting inventory to geographical areas in need, and investing resources back into the community (see Horwitz 2009). Likewise, entrepreneurs, businesses, and charities seeking to help those in need are more likely to connect to individuals who seek aid if they have connections to the affected community.

The disaster literature rightly raises cause for concern about the ability of certain groups to recover compared to others. For instance, minorities, the poor, and marginalized groups are less likely to be prepared for crises, tend to suffer more injuries and deaths from crises, and have a harder time accessing resources and recovering from crises (see Wright 1979; Hewitt 1997; Blanchard-Boehm 1998; Norris et al. 1999; Peacock 2003; Fothergill 2004; Wisner et al. 2004). There are strands of the literature,