Mitt Romney weathered a storm of criticism late in the campaign after Hurricane Sandy for his earlier comments about privatizing FEMA and turning responsibility back to State and local governments, but during an era of fiscal restraint and global warming, it's high time that we start this conversation in earnest. How big do you want your FEMA to be, how generous your disaster relief payments, and how much do you want to pay for it?

The potential liability for flood insurance alone is $1.25 trillion, second only to the liability for Social Security. Right now, we have arguably the worst of both worlds. The Federal Government responds to disaster, usually paying too much to the wrong people to do the wrong things. We provide Federal money to put people back in harm's way and sometimes provide infrastructure to make future risky development worse. We often take remedial action like fortifying beaches, a temporary solution that can actually accelerate erosion elsewhere, shift storm damage down the coast to another spot or more serious flooding down river. By giving the illusion of protection, more people locate in dangerous areas, and the vicious cycle is repeated with untold damage to families, with loss of life, loss of property, disruption of business.

Perhaps we'd be better off if we began with a serious conversation about what people expect from FEMA and heavily subsidized flood insurance.

What if we require individual property owners to assume more of the cost of disaster mitigation and recovery by paying the full cost of their flood insurance premiums and having recovery benefits provided on a declining scale after repetitive incidents?

What if local developers were required to ensure their buildings withstood the cost of certain foreseeable disaster events? Would they be less likely to pressure local governments to approve risky development proposals?

If individual homeowners absorbed more of their cost with slightly higher home prices, would make it less likely that they're going to be buying homes in dangerous locations?

Shouldn't local governments be required to have stronger zoning and building codes to make loss less likely and recovery less expensive? What if these local governments were put on notice that when they invest in infrastructure, that the Federal disaster relief is only going to cover a portion of the loss and that portion will decline with increasing frequency of event?

While there appears to be little appetite for overall Federal control, there ought to be even less appetite for the Federal Government to pay for the failure of local control to plan, zone, enact, and enforce strong code provisions and consumer protection. The notion that this is all going to be a one-way street for the Federal taxpayer to pay for repetitive disaster costs is something that needs to be challenged and rejected out of hand.

Make no mistake; I think it would be foolish to privatize FEMA because there is a need for Federal response to true disasters. That's precisely the time that the local economy and taxpayer are least able to pay the full cost for recovery. They need money, personnel, and assistance, but that doesn't mean a permanent entitlement of risky behavior. The Federal Government should deal with what is truly catastrophic and with the humanitarian costs. Families obviously should not be left destitute, hungry, and homeless in the aftermath of a natural disaster. There is, however, no reason that we encourage the repetition of these terrible events.

In a time of fiscal stress and budgetary realignment, we should include government disaster spending, liability and development policy as we address the fiscal cliff. Done right, this will not only save money, but countless lives as well.