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IDEAS ON LIBERTY

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Perspective

Hurricane Katrina: Government versus the Private Sector

If the “American government would have responded like Wal-Mart has responded, we wouldn’t be in this crisis.” Louisiana’s Jefferson Parish President Aaron Broussard, paraphrasing Sheriff Harry Lee during an interview on “Meet the Press,” got to the root of all that went wrong in the buildup to and aftermath of Hurricane Katrina last August. “It’s not just Katrina that caused all these deaths in New Orleans here. Bureaucracy has committed murder here in the greater New Orleans area.”

The contrast between government agencies and Wal-Mart was underscored by the *conflict* between them. According to Broussard, before the hurricane made landfall, “We had Wal-Mart deliver three trucks of water, trailer trucks of water. FEMA [the Federal Emergency Management Agency] turned them back. They said we didn’t need them.”

The contrast was further illustrated by the *Washington Post* on September 6: “Over the next few days [beginning two days after the hurricane hit], Wal-Mart’s response to Katrina—an unrivaled \$20 million in cash donations, 1,500 truckloads of free merchandise, food for 100,000 meals and the promise of a job for every one of its displaced workers—has turned the chain into an unexpected lifeline for much of the Southeast. . . . While state and federal officials have come under harsh criticism for their handling of the storm’s aftermath, Wal-Mart is being held up as a model for logistical efficiency and nimble disaster planning, which have allowed it to quickly deliver staples such as water, fuel and toilet paper to thousands of evacuees.”

The *Post* quoted the executive vice president of the Brookhaven-Lincoln County [Mississippi] Chamber of Commerce: “They were ready before FEMA was.”

No mystery here. Wal-Mart’s bread and butter is getting goods where they are needed when they are needed—or sooner.

More from the *Post*: “Four weeks ago, as the hurricane season approached, Wal-Mart’s *emergency-preparedness division* ordered 10,000 of the bright-blue items [the Aqua-

Tainer, seven-gallon plastic water or gasoline jug] from Reliance Products LP, a small Canadian manufacturer, to create a stockpile for its 3,500 U.S. stores. As Hurricane Katrina took shape—and *a full week before it touched ground*—Wal-Mart ordered 40,000 more, giving Reliance time to ramp up. [Emphasis added.]

“After the storm and subsequent fuel shortage, stores across the nation sold out of gas cans. Not Wal-Mart. It’s selling Aqua-Tainers like hotcakes for \$7.82 apiece. Over the past week, from Memphis to Mobile, Ala., people could be seen filling the big canisters with gasoline.”

Home Depot also kept serving customers. In storm-damaged Brookhaven, Mississippi, Home Depot manager Greg Newman faced 600 customers looking for generators. The *Post* reported: “He hit the phones to reel in truckloads of the precious machines. The store itself came to life on generator power, and soon the cash registers were ringing. By evening, Newman’s customers had their lights and refrigerators working. ‘Nobody went home without a generator that night,’ he said.”

No one can say with certainty what would have happened had Katrina struck a region whose infrastructure, flood-control apparatus, and emergency-services establishment had not been a virtual government monopoly for as long as anyone can remember. Nor can we know how much lower the death toll and hardship would have been had government at all levels not helped to perpetuate poverty through rotten schools, stultifying economic regulation, and more. (People with means got out.) What we do know is that people in the government’s care were stranded for days without food or water. And we know that one important thing was lacking in the political-patronage sector as Katrina made her way through the Gulf of Mexico and into the Mississippi Delta: entrepreneurship. And it has been lacking for at least a century, when the local government and then the Army Corps of Engineers took charge of flood control there.

Most people who write about these issues believe that flood control and flood insurance cannot be provided in a self-regulating free market. Government has to be involved. But how impressed should we be that economists can’t figure out how entrepreneurs could turn a profit producing badly needed services? They once thought private lighthouses were impossible.

Maybe if flood services hadn’t been socialized, New Orleans wouldn’t have become the great city it became.

Who can say? What we can say is that shielding people from the full costs of their decisions usually comes to grief. The marketplace is a “discovery procedure” (in Hayek’s words), and the discoveries that would have been made in a free market never were made. Instead, people were told to trust the government. We see where that got them.

* * *

Wal-Mart’s critics are unrelenting in portraying the company as a detriment to our society. But as John Semmens shows, the evidence to the contrary is overwhelming.

Major newspapers insist on pretending to report that income mobility has vanished from America, but their own articles show this is not so. David Henderson discusses this puzzling phenomenon.

Is authentic liberalism in favor of or opposed to equality? It depends. Roderick Long explains.

The Bill of Rights forbade unreasonable searches and seizures because the country’s founders knew what it was like not to have that protection. So why is the Fourth Amendment becoming a dead letter? Becky Akers takes up the question.

The latest call for government action is to combat the epidemic of obesity and the death it leaves in its wake. One problem, though. The numbers are phony. Radley Balko has the details.

Communism promised the ultimate safety net, but what did it deliver? The answer, as Jim Peron found, is in the distraught faces of the elderly in the former Soviet bloc.

Our winning lineup of columnists scores big again: Richard Ebeling remembers men of principle. Lawrence Reed recounts how past presidents responded to poverty. Robert Higgs revisits Machiavelli’s economic policy. Thomas Szasz looks for the justice in taxing the rich to pay for psychiatric treatment. Charles Baird reports on developments in Australian labor law. And Patrick Michaels, hit one too many times with the claim that global warming is a threat, demurs, “It Just Ain’t So!”

Books reviewed in this issue examine black rednecks and white liberals, the hijacking of the judicial system, globalization, and libertarian complacency about psychiatric slavery.

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