

Katrina and the Future of New Orleans

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There are no controlled experiments in economics, or, indeed, in any of the other social sciences. Social economic reality is simply too complex. *Ceteris paribus* conditions never hold; there are always several phenomena that vary, not the single one necessary for controlled experiments of the sort enjoyed in the physical sciences, where everything else can be held equal. Every once in a while, however, we come close. In past decades there were East Germany and West Germany. North and South Korea serve similar functions at present. In each case, there was at least a rough approximation of the people, of the history, of the wealth, of the culture, even of the language. Then, for historical reasons, each of these common groups was broken into two, whereupon they followed very different political economic philosophies, with very different results for the participants. Yes, it is still possible for those with closed minds to deny that communism is an inferior system when compared to the moderate version of capitalism practiced in West Germany and South Korea. They can still maintain that “real” communism was not followed in East Germany and North Korea.¹ But for most people, these semi-controlled experiments furnish a stark example of the results of these two very different systems.

1. It is only praxeological reasoning that can establish apodictically that a system of private property rights and free enterprise is compatible with an economy based on rational principles, while one based on central control and central planning is not. On this, see Hans-Hermann Hoppe, “On Praxeology and the Praxeological Foundation of Epistemology and Ethics,” in *The Meaning of Ludwig von Mises*, ed. Jeffrey M. Herbener (Boston: Dordrecht, 1992); Ludwig von Mises, *Human Action: The Scholar’s Edition* (Auburn, AL: The Mises Institute, 1998); Murray N. Rothbard, “Praxeology: Reply to Mr. Schuller,” *American Economic Review* 41 (December 1951): 943–46.

Thanks to Hurricane Katrina and the failure of the socialist government levee system “protecting” New Orleans, we may now witness a different kind of semi-controlled experiment. This one will be a time series controlled experiment, where we can view the Big Easy before and after Katrina and her aftermath—that is, if the advice of the present paper is followed. To wit, in this paper we advocate a radical move toward private property, individual initiative, free markets, and laissez-faire capitalism. If these public policy recommendations are followed, we will then have a stark contrast between the aftermath of New Orleans under its present socialist control, compared with something very, very different.

We approach this topic from a libertarian perspective. This might be seen as “bipartisan,” as it renders us as critical of Democrats as of Republicans. But it is not. It is very partisan, in that it advocates a completely different and competing system of social organization than either of these almost indistinguishable alternatives. Libertarianism may be succinctly defined as being based on the motto “that government which governs least governs better, and that government that governs not at all is best of all.” Libertarianism is predicated on two pillars: private property based on homesteading, and the non-aggression axiom. This means that justice in property titles consists of those and only those acts that can be traced back to the voluntary economic interaction of the rightful owners. This political economic philosophy is neither of the right nor the left but is rather something unique. It favors personal liberties; laws prohibiting victimless crimes concerning addictive drugs (e.g., heroin) or sex (e.g., prostitution) would be repealed. Paradoxically to some, it also supports economic liberties; laws prohibiting economic freedom (including minimum wages, rent controls, tariffs, affirmative action, antitrust, price gouging) would similarly be eliminated.² Most importantly, the libertarian opposes foreign military adventurism; in this view, the United States would begin by confining its military to the fifty states and no longer serve as the policeman to the world.³

2. In the felicitous terminology of Robert Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974), p. 163, all “capitalist acts between consenting adults” would also be legalized.

3. The best overall statements of libertarianism include Murray N. Rothbard, *For a New Liberty* (New York: Macmillan, 1978); Murray N. Rothbard, *The Ethics of Liberty* (Atlantic Highlands, NJ: Humanities Press, 1982); Hans-Hermann Hoppe, *The Economics and Ethics of Private Property: Studies in Political Economy and Philosophy* (Boston: Kluwer, 1993); Hans-Hermann Hoppe, *Democracy—The God That Failed: The Economics*

Watching the Capitol Hill hearings on what went wrong after Hurricane Katrina provided a glimpse of what it must have been like in the Politburo in the 1950s. The Soviet bureaucrats would gather with the party officials and factory and farm managers to figure out why grain production was down or why shop shelves were empty or why the bread lines were ever longer and the quality ever worse.

They gathered under the conviction that they had a workable system that was being rendered unworkable because of the incompetence, shirking, or wrecking of certain key players in the chain of command. No one was permitted to say that the command system itself was the problem. Instead, they had to place blame on someone, as if all problems could be reduced to issues of obedience. It was always a scramble. Whoever was finally said to be at fault faced certain ruin.

To be sure, there was plenty of blame to go around. As with scapegoats the world over, there is a sense in which they are all responsible for not having found the exit. If any of those scapegoats could also organize into a hierarchy of control and hold trials, it would surely produce a great show and many victims. But they would be no closer to getting to the real source of their problems. And so it was in the U.S. Congress: the hearings produced a great show with no results that will make a difference for our future.

The Soviet system had to fully unravel before it became permissible to state what it used to be a crime even to think: an economy cannot be centrally commanded. The bureaucrat can make every demand, issue a million orders, exhaust every financial resource in the state's account, elevate some people and demote others, dress up in a military costume and make grand pronouncements from a glorified pedestal, and cut off fingers, toes, and heads. But in the end, he cannot make the economy perform in a way that serves the people unless market forces are allowed to work.

Not just the Soviets had to learn this.⁴ Authoritarian regimes from the beginning of time have attempted to defy the laws of economics, step

and Politics of Monarchy, Democracy, and Natural Order (New Brunswick, NJ: Transaction Publishers, 2001); and Llewellyn H. Rockwell, Jr., *Speaking of Liberty* (Auburn, AL: Mises Institute, 2003). For libertarian analyses of foreign policy, see Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (New York: Oxford UP, 1987) and John V. Denson, ed., *The Costs of War* (New Brunswick, NJ: Transaction Publishers, 1998).

4. Ludwig von Mises, *Socialism: An Economic and Sociological Analysis*, trans. J. Kahane (Indianapolis, IN: LibertyClassics, 1981 [1969]).

on the interests of the merchant class, control and redirect the wishes of consumers and entrepreneurs, bend and kick prices and wages this way and that, and inhibit trade in every which way. But they cannot finally overpower the driving desire on the part of people to control their own fate and not to be subject to the slavery that is collectivism of all colors, whether red or brown.

Someday, the U.S. managers of crises will have to realize this same point. But for now, they are like Soviet bureaucrats, scrambling to make an unworkable system function, and creating a scene that is as farcical as it is tragic.

Consider first how the much-glorified Department of Homeland Security responded to the Katrina crisis. There is a mysterious missing day between the time when the hurricane hit and when the levees broke and flooded New Orleans. During this strange Monday, August 29, 2005, a day in which there was a window of opportunity to prevent the meltdown of civilization, why didn't federal officials respond or even pretend to do so?

The head of the Department of Homeland Security, Michael Chertoff, said that he read in the Tuesday morning newspaper that, according to the headline, "New Orleans Dodged the Bullet." So, to his mind, there was nothing to do. This was his testimony. This is not exactly an awe-inspiring admission, but it speaks to a truth that few are willing to admit: government officials live normal lives. They do not partake of the mind of God. They get their news the same way we all do. And they have far less information than the body of knowledge generated by the signaling process of the market economy and the private sector.

We might even say that they are, in effect, sub-normal in intelligence, because government officials stand outside of society, cut off from the normal channels of information that the rest of us take for granted.⁵ They are isolated from markets and the regular pressures of life. They are not owners of what they control, and they have no real stake in the value of their product. They are surrounded by some of the most peculiar people in the world, namely, lifetime bureaucrats, power-mad politicians, and lobbyists on the make. This is their world, and this is what they know.

5. F. A. Hayek, "The Use of Knowledge in Society," *American Economic Review* 35 (1945): 519–30; George J. Stigler, "The Economics of Information," *Journal of Political Economy* 69 (1961): 213–25.

They enjoy the illusion of being better informed than the rest of us, so it would never occur to a high official to surf Google News to find out what is really going on. Thus was it apparently beyond the capacity of the Federal Emergency Management Agency (FEMA) to find out that the National Weather Service (NWS) had issued a flood warning soon after the hurricane hit. The NWS in turn was only reporting what many private local media outlets were saying.

Certainly the municipal government of New Orleans got the message. It issued a warning to residents, and then all of the officials packed up and headed to Baton Rouge. We suppose that this was the plan that the bureaucrats came up with after having received a \$500,000 federal grant in 1997 to design a comprehensive plan for evacuation. Half a million dollars later, they agreed on what the plan should be. Two words: “let’s go!”

We can learn a great deal from observing all of this. It is always the case that the government’s first interest in a crisis is to protect itself. The “public interest” is way down the list. Its employees have no ancient code that requires them to go down with the ship. The seafaring captain might feel disgrace if he lost his crew and passengers but returned safely to shore.⁶ But the bureaucrat would see this as nothing but rational self-interest at work.⁷ From their point of view, public service is not a suicide pact.

If this is so, are we wise to expect government service at times of crisis? Well, here is where it gets complicated. They always promise that they will take care of us. On the day that the hurricane hit, for example, President Bush made the following announcement: “For those of you who are concerned about whether or not we’re prepared to help, don’t be. We are. We’re in place. We’ve got equipment in place, supplies in place. And once the—once we’re able to assess the damage, we’ll be able to move in and help those good folks in the affected areas.” Given the calamity that

6. The “women and children first” policy was followed during the sinking of the Titanic. For more information on the Titanic disaster and its casualties, see the Anesi website, <http://www.anesi.com/titanic.htm>.

7. The Public Choice School is associated with this position. See James M. Buchanan and Gordon Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy* (Ann Arbor: Univ. of Michigan Press, 1962). See also the following Austrian critics of that perspective: Murray Rothbard, “Buchanan and Tullock’s ‘The Calculus of Consent,’” in *The Logic of Action*, vol. 2 (Cheltenham, UK: Edward Elgar Publishing Limited, 1997), pp. 269–74 ; Tom DiLorenzo and Walter Block, “Constitutional Economics and the Calculus of Consent,” *The Journal of Libertarian Studies* 15 (Summer 2001): 37–56.

followed, this statement by Bush might as well have been a Soviet propaganda poster about the glorious future of socialism. If the only response by government had been to turn and run, they could be accused of hypocrisy, but it would have been better than the alternative of bad government that stayed to ruin the work that markets and private individuals do.

As the hurricane approached, for example, Bush, along with nearly every office holder in the entire region, immediately announced that there would be no tolerance of so-called price gouging. What is and what is not gouging remain undefined by law, but there are still criminal penalties attached to doing it. If a merchant raises his prices to the point where he attracts a complaint, then there is a pretty good chance that he will be thrashed as a gouger.

And yet, we have to ask ourselves what the purpose of a price is. It is a signaling device that allows market players, including both producers and consumers, to adjust their economic behavior in light of supply and demand. If supply remains the same and demand rises, then the price too will have to rise so that the market can clear properly. Otherwise there will be shortages and surpluses that will prove to be a benefit to no one. Bill Anderson has called gouging rules a form of back-door price controls, and he is right.⁸ They create victims, encourage economic dislocations, and foster black markets.

One might think that a Republican administration would understand this, but reflect on the fact that Iraq still has very strict price controls on gasoline, controls that were instituted by the United States after Saddam was overthrown.⁹ Do not think for a minute that it is beyond the capacity of the Bush administration to do what the Nixon administration did, which was to believe that the laws of markets can be overridden by regulatory force.¹⁰ Anti-gouging laws, to the extent that they are obeyed, will create shortages. But in telling the sad tale of Katrina, we would like to begin not with a case of shortage, but with a strange case of surplus.

8. William L. Anderson, "The Dangers of Smart Growth," *The Free Market* 18, no. 2 (2000), <http://www.mises.org/fullstory.aspx?control=434&id=75>.

9. Robert Murphy, "The Gas-Line Quagmire in Iraq," February 6, 2006, the Mises Institute website, <http://www.mises.org/story/2026>; Christopher Westley, "The Right to Set Your Own Price," October 21, 2005, the Mises Institute website, <http://www.mises.org/story/1942>.

10. Murray N. Rothbard, "Nixonite Socialism," *The Libertarian Forum* 3 (1971): 1–2; available online at the Mises Institute website, <http://www.mises.org/story/1875>.

One week after the hurricane, FEMA ordered the Army Corps of Engineers to buy 211 million pounds of ice from IAP Worldwide Services of Florida. Trucking companies were notified of a grand opportunity, since the government was paying the bills for delivery, and the dispatchers sent out the word. There is no space to explore the workings of IAP Worldwide, but the company, which relies heavily on tax dollars as a federal contractor, has a new CEO who most recently held the position of Vice President of National Security Programs for the notorious Kellogg, Brown and Root. His name is David Swindle.

But back to the story of the ensuing chaos. One trucker picked up ice in Greenville, Pennsylvania, and was told to drive it to Carthage, Missouri. But when he arrived in Carthage, he was told by a FEMA official to go to Montgomery, Alabama. After a day and a half sitting in Montgomery, he was told to go to Camp Shelby, Mississippi, after which he was sent to Selma, Alabama, after which he was sent to Emporia, Virginia, where he stayed for a week, burning fuel, until he was sent to North Carolina, and finally to Nebraska, where he dropped the ice in a government storage unit. That's 4,000 miles over a period of two weeks. This was hardly the only case.

The news media chronicled the stories of these truckers. A truck full of ice was sent from Dubuque, Iowa, to Meridian, Mississippi, then to Barksdale Base in Louisiana, then to Columbia, South Carolina, and finally to Cumberland, Maryland, where it waited for six days before being sent to Bettendorf, Iowa, where the ice was unloaded. Another truck was sent from Wisconsin to Missouri to Selma to Memphis, Tennessee, before finally dropping off the ice in a storage unit. There were 4,000 drivers enlisted in this incredible charade. No one knows for sure how much ice ever got through or how much if any good it did.

In one of the first incidents reported of what was to be two weeks of catastrophe, a group of volunteer firefighters from Houston came to New Orleans wanting to help. They were told to wait. They waited 48 hours and were ordered to go back. A group of doctors from Maryland tried to get in, but FEMA sent them on to the Red Cross, which said that it could do nothing without the approval of federal health officials.

After the New Orleans mayor made a call for firefighters to come help, 1,000 volunteers were sent to Atlanta, where they were put in a conference room at the Sheraton hotel and subjected to seminars on sexual harassment and other bureaucratic matters. They were then told that their job would be

to distribute flyers with a message on it: call 1-800-621-FEMA. Many or even most of these well-trained people left town. Those who stuck it out and headed for Louisiana were aghast that their first assignment was not to fight fires, which had been raging for a week, but to escort President Bush on his widely televised tour of the area. All of the photos can be seen on the White House website, www.whitehouse.gov.

In fact, FEMA refused offers of help of all sorts, mainly because of issues of control. FEMA declined help from Amtrak in evacuating people from New Orleans. The Chicago municipal government wanted to send volunteers from the fire department, police department, and hospitals all over town, but FEMA said no. The same happened to New Mexico, whose governor volunteered equipment and personnel.

FEMA prevented Wal-Mart from delivering three tank trucks full of water, and the Coast Guard from delivering diesel fuel. As for the National Guard, for days it would not allow reporters into the Superdome where tens of thousands were trapped. People were hungry and thirsty, but the National Guard would not allow the Red Cross to deliver any food. Here is the astounding statement from the spokesperson of the Red Cross: "The Homeland Security Department has requested and continues to request that the American Red Cross not come back into New Orleans.... Right now access is controlled by the National Guard and local authorities.... We cannot get into New Orleans against their orders."

The Salvation Army attempted to rescue two of its own officers who were trapped in a building and on dialysis. They rented three boats for a rescue, but they were not allowed through. To be fair, the Salvation Army did not specifically name the government as at fault. But it did point out that all private efforts were running into similar kinds of obstacles, so the message was clear. Meanwhile, the USS Bataan, a floating hospital for 600 patients, which happened to be at sea and rode out the storm, was still sitting empty by the third day, not permitted to do its job.

An astounding case of ineptness comes to us from the case of three Duke University students who drove to New Orleans to help but were turned away by the National Guard. They had seen the news, knew that they could help, and wondered why they should be pushed around by bureaucrats. Being college sophomores, they took a risk. They forged press credentials, with fake IDs and shirts and the works. They went back and adopted a haughty tone. The National Guard waved them through immediately. Then the students drove to the Convention Center. There,

they found thousands of sick, hungry, thirsty, and dying people in desperate need. They found a man who had welts all over his body. He was in a tree covered with fire ants as the flood waters rose, and there he had stayed, being bitten repeatedly for up to 24 hours.

The boys picked him up along with three others and drove them to a Baton Rouge hospital. They made another trip there and back with more people before they began to become frightened of what the government might do to them. On one return trip, they observed 150 empty buses driving the other way—and they have a video to prove it.

One can only express astonishment at how the government treated the tens of thousands of people it herded like cattle into large public spaces. For reasons still unclear, the government could not get its act together on transporting them out, even as the people themselves were forbidden to leave. Once the central planners decided to move all of these people from the Superdome to the Astrodome, no means of transport arrived, even as aerial photos showed miles and miles of public buses available.¹¹

Indeed, the first bus to reach Houston was not driven or approved by the government. It was commandeered by twenty-year-old Jabbar Gibson, who drove it from the floods, picked up as many people as he could, and then drove all the way to Houston—a thirteen hour drive! He beat the government's system by a day. Meanwhile, the tens of thousands of people who had been shoved into the Superdome on Sunday, before the floods came, were still suffering in that massive calamity by Friday and Saturday.

Perhaps the most astounding case of incompetence has received the least attention. It relates to a 500-boat flotilla, stretching over five miles, that left for New Orleans from Lafayette. It involved 1,000 people who had hoped to rescue hospital patients and take them to safety. It consisted of private boaters, fishermen, hunters, and others who had spent their entire lives navigating Louisiana waterways. Once this caravan arrived, they were turned away by the Department of Wildlife and Fisheries, which was now being run by FEMA. All five hundred boats were turned away and ordered out.

11. Pictures of the submerged school buses, located near the New Orleans "Sewer" Dome, have appeared on many websites, including: BillHobbs.com, <http://billhobbs.com/hobbsonline/007188.html>; Wikinews, http://en.wikinews.org/wiki/Controversy_over_whether_New_Orleans_Mayor_failed_to_follow_hurricane_plan; and Snopes.com, <http://www.snopes.com/katrina/photos/buses.asp>.

Now keep in mind that this was three days after the hurricane hit. There were hundreds of people inside the Charity Hospital in New Orleans alone. They had no supplies, and only three had been rescued. At this very time, the head of the FEMA-ized Wildlife and Fisheries Department announced to the world on television that it needed no help from anyone and that it had all matters under control.

Some White House staff members put together a DVD of the evening news coverage for President Bush to watch on Air Force One, which was the only way that they could get him to understand the depth of the crisis. The purpose of the action was not so much to help people, of course, but rather to stop the meltdown of his reputation. In fact, by the time he actually arrived in Louisiana, food and medicine deliveries, such as they were, were halted on orders of the White House, to make room for the presidential caravan.

In one particularly interesting detail, Katrina triggered the first use of the Department of Homeland Security's major accomplishment since it was created after September 11: the National Response Plan, a 426-page central plan for dealing with a crisis on the level of the post-Katrina floods. Here is how the government describes it:

The National Response Plan establishes a comprehensive all-hazards approach to enhance the ability of the United States to manage domestic incidents. The plan incorporates best practices and procedures from incident management disciplines—homeland security, emergency management, law enforcement, firefighting, public works, public health, responder and recovery worker health and safety, emergency medical services, and the private sector—and integrates them into a unified structure. It forms the basis of how the federal government coordinates with state, local, and tribal governments and the private sector during incidents.¹²

What happened to the National Response Plan after the floods? It remained what it always had been: a colorful PDF document, a thick book on the management shelves, an item in the Government Printing Office catalog, birdcage liner, and many other things. One thing it was not was a national response plan that did all those glorious things listed above. As with all such plans from time immemorial, it was a dead letter.

12. The National Response Plan, available online at the Department of Homeland Security website, http://www.dhs.gov/xprepresp/committees/editorial_0566.shtm.

As for the National Guard, when it arrived it did what a military does best: harass the residents. Working with the police, it began to enforce an order for everyone to evacuate. As the *New York Times* summarized the order: “[N]o civilians in New Orleans will be allowed to carry pistols, shotguns, or other firearms of any kind.”

The National Guard allowed themselves to be videotaped going from house to house, and mansion to mansion, knocking down doors, searching for weapons, and handcuffing and humiliating the owners. They called these people “holdouts,” a phrase right out of Baghdad. One National Guardsman was asked whether he would shoot residents if they resisted. Yes, he would, he said. He added, “It’s surreal. You never expect to do this in your own country.”

We have provided a look at some of the terrible failures by the government—not only failing to do what it claimed it would do, but actively working to prevent others from helping. The cost to human life and prosperity is incalculable. But, one might say, at least the government is generous now in preparing to spend perhaps \$250 billion to clean up and reconstruct what was destroyed.

But who will get this money and where will it go? Cynics could not be more correct: the first company to receive the money was our old friend Kellogg, Brown and Root, a current client of Bush’s former campaign manager and former head of FEMA. Kellogg, Brown and Root is a subsidiary of Halliburton, the company formerly headed by Dick Cheney. Another winner is Bechtel, whose former head is now in charge of Bush’s Overseas Private Investment Corp. The top rebuilding priority: repairing government military bases in Louisiana and Mississippi. Those who work for one of these companies will do very well by this aid. As for the victims, they can expect little from the monstrosity that taxes and controls them relentlessly on the pretext that it will protect them and care for them when no one else will.

Fortunately for the people who lived in flooded areas, they did not face the crisis alone. The private commercial sector, along with thousands of religious charities, was there to help. Indeed, John Tierney of the *New York Times* was one of the few mainstream journalists to notice that Wal-Mart improved its image after Katrina.¹³ Its stores in the disaster-stricken areas still carried generators. Wal-Mart trucks rode into areas immediately following the hurricane and gave away chain saws, boots, sheets, and clothes

13. John Tierney, “From FEMA to WEMA,” *New York Times*, September 20, 2005.

for shelters, plus water and ice. It alone had prepared for emergency with its own emergency operations center.

Christopher Westley noted that Wal-Mart gave \$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.¹⁴ After comparing FEMA's failures with Wal-Mart's successes, he concluded that the former ought to be abolished. Tierney, in contrast, drew the wrong conclusion. He said that the Wal-Mart CEO "is the kind of leader we need to oversee the tens or hundreds of billions that Washington will be spending on the Gulf Coast. [President and CEO Lee] Scott could insist on low everyday prices while still leaving the area as well prepared for the next disaster as Wal-Mart was for Katrina."¹⁵

In fact, if Scott were given a government job, it would only be a matter of time before he became just another Michael Brown, the disgraced former FEMA head. This is not a matter of character. It is a matter of the maze in which people find themselves, with market-generated exit signs, or none at all, thanks to the government.

As Walter Block, Mark Thornton, and many others have shown, it was not the storm as such that did the damage, but the failure of the government at all levels, particularly with regard to levees.¹⁶ Combined with the levees-only river management strategy of the Army Corps of Engineers, the floods were a disaster waiting to happen. Just imagine if the entire Big Easy were private, like homes or cars. Insurance companies would have taken a huge role in risk assessment, not only charging more for higher risk but insisting on management strategies that reduced risk and rewarding those who adopted those strategies with better premiums. This works on the same principles as homeowners' insurance, which combines rules and incentives to reduce the likelihood of losses.

Government insurance, however, makes us less cautious and more willing to take risks. It prices coverage from losses far too low and creates an environment where disasters like flooding are waiting to happen. With

14. Christopher Westley, "FEMA Should Be Shut Down," September 12, 2005, the Mises Institute website, <http://www.mises.org/story/1908>.

15. Tierney, "From FEMA to WEMA."

16. Walter Block, "Katrina: Private Enterprise, the Dead Hand of the Past, and Weather Socialism: An Analysis in Economic Geography," *Ethics, Place and Environment: A Journal of Philosophy & Geography* 9 (June 2006): 231–41; Mark Thornton, "The Government's Great Flood," *The Free Market* 17, no. 9 (September 1999), http://www.mises.org/freemarket_detail.asp?control=8&sortorder=articledate.

programs like subsidized flood insurance, government is like a bad mother who pays her children to run around with scissors. Government ownership is even worse because there are no signaling systems in operation at all. It was also the government that created a false sense of security for people in New Orleans, who were led to believe that the levees would hold and that the pumps would work. And when the floods finally did come, they were told that the government would be there to manage the crisis.

But the government cannot manage crises, as the response to Katrina demonstrated. The local government fled. The state government dithered. And the federal government actively worked to prevent good things from happening. The thousands and millions of acts of private heroism that took place after Katrina occurred despite government and not because of it.

And yet what lessons does the political culture want us to take from this? They are the same lessons that we are instructed to learn after NASA spends and spends and still cannot seem to make a reliable space shuttle. We are told that NASA needs more money. The public schools absorb many times more—thousands of times more—in resources than private schools, and still cannot perform. So we are told that they need more money.

The federal government spends trillions to “protect” the country and cannot fend off a handful of malcontents with an agenda. And so we are told that the government needs to start several new wars and erect a massive new bureaucracy and put sections of the country under martial law at the slightest sign of trouble. And spend more money.

So, too, Congress can allocate a trillion dollars to fix every levee, fully preventing the last catastrophe, but not the next one. The real problem is the same in all of these cases: not insufficient resources but public ownership and management.

Public ownership has encouraged people to adopt a negligent attitude toward even such obvious risks. But private developers and owners, in contrast, demand to know every possible scenario as a way to protect their property. Public owners have no real stake in the outcome and lack the economic capacity to calibrate resource allocation to risk assessment. In other words, the government manages without responsibility or competence. Actually, it was President Bush who said one of the most sensible things, on September 2, 2005: “If you want to help, if you’re listening to this broadcast, contribute cash to the Salvation Army and the Red Cross. . . . They’re on the front lines providing help to the people who need help.”

But it was two weeks later when his more basic instincts kicked in, and he delivered a very different message, one that is deeply alarming. He said: “It is now clear that a challenge on this scale requires greater federal authority and a broader role for the armed forces—the institution of our government most capable of massive logistical operations on a moment’s notice.”

It is interesting that his beloved military was not there at a moment’s notice. The government now cites its own failures as the great excuse to expand its powers. So it will spend the next several years preparing for another Katrina that may never come, just as it spent the last several years preparing for another September 11 that may never come. The next crisis will be something completely unexpected, and once again it will fail. But we will be left with a government with some very bad habits, among which are declarations of martial law, mandatory evacuations, gun and price controls, and other totalitarian policies. And given that this is a Republican administration with its own internal culture and an attachment to military means, we get what can only be described as the continuation of the fascist track: the militarization of the country under its armed forces.

So far as we know, this passing remark by President Bush has provoked no commentary in the national press. Commentators in the organized conservative movement have displayed an appalling deference to the administration’s priorities, with *National Review* consistently arguing for more spending and militarization, Rush Limbaugh calling for price gougers to be strung up, and even some supposed free-market friends calling for billions to rebuild New Orleans as a way of showing terrorists that we will not let the weather get in the way of progress.

Conservatives have been especially bad on tolerating egregious uses of the military. We need to reflect on what it means to have the military take over in the event of crisis. What kind of ideology promotes such things, and looks the other way when it happens? This is clear, and it serves as a reminder that not all threats to freedom come from the left. A clue comes from the neo-Nazi novel *The Turner Diaries*, sometimes cited as the motivating force for the bombing of the Oklahoma Federal Building, which ends in what the author regards as the utopian political system. After a world war that exterminates all non-whites, a military regime takes over the United States and centrally plans the economy under martial law. All food and water are distributed on military trucks, all production takes

place on a planned basis, and the merchant class is required to obey or be shot. The state also places flower boxes under every window.

The author describes this race-based national socialism as if it were a system with an inherent appeal to the reader; and perhaps there are people economically ignorant enough and full of enough loathing for humanity and freedom to regard it as attractive. In our own times, there are people waiting in the wings who long for power and who are drawn to the ideal of a militarized society and a centrally managed economy. Some call themselves conservatives, and they are as much a threat to civilization as those with the same ideas who call themselves liberals.

Despite the foregoing, there is still room for some optimism. The government cannot actually do what it promises, and there is a way in which we can only be thankful for that. It cannot succeed in managing a central plan. Its plans will always fail. The government tries to use its failures as an excuse for more power, but with every failure comes a substantial degree of public humiliation for the public sector, and that humiliation can provide a basis for the undoing of government authority.

Some people say that a loss of government authority will mean the breakdown of civilization. Actually it will create the preconditions for the reestablishment of civilization, and in a state of freedom that can happen very quickly. The aftermath of Hurricane Katrina illustrated in a million individual acts of charity and enterprise that people can manage their affairs, even amidst the chaos. The calamity following Katrina was an egregious display, one that gave the federal government a black eye. The Democrats will continue to use this to harm the Republicans, which is fine; however, it is not just Bush who is suffering, but the whole apparatus of central planning by decree from above. A government that cannot manage a crisis should not be trusted to manage anything at all. Thanks to Katrina and its dreadful aftermath, it is fair to say that the age of not trusting government has returned, and with a vengeance.

It took decades for the rot to give way underneath the Soviet apparatus of central planning. But eventually the implausibility of the entire project was no longer possible to deny. It gave way under an intellectual reaction against the whole of socialism. We are seeing something like that take place today, as government fails in Iraq and New Orleans, and in every place around the country and the world where it causes problems and creates no solutions. The age of confident central planning is behind us. Right now, the state is just trying to keep its head above water. If freedom is to

have a future, the time will come when it will sink to an ignoble end, and we will wonder how we ever believed in this myth called government crisis management.

The advocates of freedom and the partisans of private enterprise will be there with the intellectual equivalent of flotillas, barges, buses, helicopters, and the whole apparatus necessary to rescue liberty from every attempt to kill it. And when our City on a Hill comes to be, it will be privately built to withstand any flood.¹⁷

17. Citations, particularly urls, have been severely truncated in order to fit the style of this journal. They are available from the corresponding author, Walter Block.