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Commentary

# Katrina: Private Enterprise, the Dead Hand of the Past, and Weather Socialism; An Analysis in Economic Geography

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## Abstract

The market, not the government, is that last best hope for actual and future potential victims of hurricanes. State subsidies have perverted locational settlement decision-making. They have acted in such a manner as to encourage people to build in more dangerous areas than they otherwise would have. By the government undertaking part of the costs of rebuilding in the aftermath of storms, it has encouraged irrational settlement patterns, which have led, in turn, to needless loss of life and wealth.

Keywords:

Hurricane Katrina

free enterprise

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# Notes

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## Notes

<sup>1</sup> I have been a resident of New Orleans since fall 2001. Many of the considerations in this paper emanate from that experience. I wish to thank an editor for several suggestions that greatly improved an earlier draft of this paper. I alone of course am responsible for any remaining errors.

<sup>2</sup> See <http://www.google.ca/search?hl=en&q=New+Orleans+Water+Board&btnG=Google+Search&meta=>;  
[http://www.bgr.org/budgets/s&wb/systems\\_description.htm](http://www.bgr.org/budgets/s&wb/systems_description.htm).

<sup>3</sup> If that indeed occurs; for more on this, see below, [Section III](#).

<sup>4</sup> The Edsel was at one time emblematic of the failure of the marketplace. This is a misinterpretation of colossal dimensions. Rather, it was a failed line of the Ford Motor Company, which was very quickly jettisoned: <http://en.wikipedia.org/wiki/Edsel>;  
<http://www.libertyhaven.com/regulationandpropertyrights/tradeandinternationaleconomics/riseandfall.html>. Imagine, though, if the government were responsible for such a disaster. Then, there would be little or no economic incentives to cut one's losses and end this product that was rejected by consumers. One might reasonably think of the US Post Office as a governmental Edsel. See on this Adie ([1988](#), [1990a](#), [1990b](#)), Butler ([1986](#)), Moore, T. ([1990](#)), Moore, S. ([1987](#)) and Priest ([1975](#)).

<sup>5</sup> But see on this Block ([1992](#), [2001a](#), [2001b](#)), Rothbard ([1955](#), [1956](#), [1985](#)), Whitehead and Block ([2002](#)) and Whitehead et al. ([2004](#)).

<sup>6</sup> For a critique of road socialism, that is, government ownership and operation of streets and highways, see Beito ([1993](#)), Beito and Beito ([1998](#)), Block ([1983A](#), [1996](#), [1998](#)), Block and Block ([1996](#)), Caplan ([1996](#)), Carnis ([2003](#)), Cadin and Block ([1997](#)), Cobin ([1999](#)), De Palma and Lindsey ([2000](#)), Foldvary ([1994](#)), Klein ([1990](#)), Klein et al. ([1993](#)), Klein and Fielding ([1992](#)), Lemennicier ([1996](#)), Roth ([1987](#)) and Semmens ([1987](#)).

<sup>7</sup> See <http://www.fsa.usda.gov/pas/publications/facts/html/EMProcess04.htm>.

<sup>8</sup> See <http://www.fema.gov/about/>.

<sup>9</sup> See <http://www.fema.gov/news/disasters.fema?year=2005>.

<sup>10</sup> See <http://www.google.com/u/Mises?hl=en&submit.x=0&submit.y=0&&q=socialist%20calculation>.

<sup>11</sup> This rejoinder was offered to me by an editor; what appears in the text is an edited version of the objection.

<sup>12</sup> Were any private enterprise half as inefficient as FEMA or the Army Corp of Engineers, there is little doubt they would have long disappeared from the scene in bankruptcy court. In the event, these two government agencies were given additional funds in the wake of their abject failures.

<sup>13</sup> See <http://www.google.com/u/Mises?hl=en&lr=&ie=ISO-8859-1&q=wal+mart&btnG=Search>.

<sup>14</sup> See [http://www1.salvationarmy.org/usw/www\\_usw.nsf](http://www1.salvationarmy.org/usw/www_usw.nsf).

<sup>15</sup> See [http://www.walmartstores.com/wmstore/wmstores/Mainnews.jsp?BV\\_SessionID=@@@@1373085481.1125693890@@@@&BV\\_EngineID=cccfaddfigldejcfkfcfkjdgoodglg.0&pagetype=news&template=NewsArticle.jsp&categoryOID=-8300&contentOID=14890&catID=-8248&prevPage=NewsShelf.jsp&year=2005](http://www.walmartstores.com/wmstore/wmstores/Mainnews.jsp?BV_SessionID=@@@@1373085481.1125693890@@@@&BV_EngineID=cccfaddfigldejcfkfcfkjdgoodglg.0&pagetype=news&template=NewsArticle.jsp&categoryOID=-8300&contentOID=14890&catID=-8248&prevPage=NewsShelf.jsp&year=2005).

<sup>16</sup> In contrast, I do not recommend the American Red Cross. I still have not forgiven them for being so politically correct that they accepted blood from homosexuals, and infected hundreds of people with AIDS (<http://www.aegis.com/news/sc/1992/SC921205.html>), many of them hemophiliacs (<http://www.aegis.com/news/lt/1993/LT931113.html>). Unhappily, from my own point of view, Wal-Mart, the evil firm that it is, sent another \$1 million to the Red Cross.

<sup>17</sup> See <http://www.mises.org/story/1898>.

<sup>18</sup> See <http://www.lewrockwell.com/akers/akers16.html>.

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