

Who's to Blame for all the Heartache? A Response to Anti-Capitalistic Mentalities after Katrina.¹

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Abstract:

The wake of a natural disaster is a tumultuous setting. Resources are scarce, actions are quick, and emotions are high. Social commentators have often brought complaints against capitalism for promoting greed and selfishness during and after natural catastrophes. Most recently academics have introduced a unique perspective in addition to the more traditional criticisms. They claim that free market advocates have imposed capitalist theories and policies in the wake of crises to the detriment of traditional policies, preferred cultures, and democratically selected institutions. This paper investigates these claims. I argue that the left overlooks the case that capitalism and corporate businesses may be a natural part of local cultures and recovery processes. If such a claim is true, then the normative case against capitalist responses to natural disasters is weaker than has been presented. The two perspectives are speaking past one another.

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The characteristic feature of modern capitalism is mass production of goods destined for consumption by the masses. The result is a tendency towards a continuous improvement in the average standard of living, a progressing enrichment of the many.

Ludwig von Mises – *The Anti-Capitalistic Mentality* (1956, p.1)

I. INTRODUCTION:

Hurricane Katrina was the most destructive hurricane in the history of the United States. Mark Burton and Michael Hicks (2005) estimated the storm's financial damages to exceed \$150 billion. Even though the high winds, heavy rains and flood waters were uncontrollable by mankind, several social commentators after the storm blamed the effects of Katrina and its aftermath on the humanly constructed institution of capitalism. To his wife, while watching news coverage of the hurricane aftermath, Seth Sandrowsky (2005) said, “we're seeing the barbarity of capitalist society.” It has been argued that capitalism produced inequality in New Orleans' racist class structure and competitive labor markets, then Katrina exaggerated these conditions. After the storm, national corporations swarmed in for high profits while they drove locally-owned companies out of business and local cultures out of town. Capitalism was blamed for producing poverty, price gouging, displacing culture, biasing the dole of political resources and exaggerating social ills of all sorts. Several socialist news outlets put forth the boldest claims that the hardships were explicitly part and parcel of a capitalist economy.²

In addition to openly socialist news outlets, mainstream commentators and credentialed academics have voiced similarly charged attacks against capitalism in the wake of Katrina.³ While more radical than past disaster commentaries, this new perspective is getting greater attention from more respected sources. Popular author Naomi Klein (2007) has coined the term “shock doctrine” to describe free-market theory and policy advice geared at disaster recovery. Klein describes recent

² See Grosscup (2005), Webb (2005) and Wisner (2005) and also BBC (2005) though not explicitly socialist.

³ See also BondGraham (2007), Elliot and Pais (2006), Forman and Lewis (2006), Frymer et al. (2006), Henkel et al (2006), Herring (2006), Huddy and Feldman (2006), Jackson (2006), Lavelle and Feagin (2006), Lipsitz (2006), Strivers (2007), and Strolovitch (2005).

American efforts to aid disaster recovery as a process of displacement. People, culture, politics, even ideas get wiped away during a catastrophe leaving a profitable clean-slate opportunity for alternative, immoral and otherwise unwanted (capitalist) perspectives to emerge and dominate. According to Klein, free-marketers - guided by luminary Milton Friedman – have long recognized this displacement process and are ready, willing and able to stake their claim on geographic, political and ideological landscapes shocked by disasters. Klein has received significant attention and review both critical and supportive. For example, renowned economist Joseph Stiglitz (2007) in *The New York Times* reviewed her recent book saying, “Klein provides a rich description of the political machinations required to force unsavory economic policies on resisting countries, and of the human toll.” But Klein is only the popular face of such arguments. Darwin BondGraham (2007) tells a similar narrative of the New Orleans disaster, where unrestrained capitalism left the city susceptible and ill prepared for the effects of the storm. Frymer et al. (2006) take the implications of this framework further, claiming that New Orleans is not the exception but the norm. Many or perhaps most American cities suffer similar racial and class-based segregation at the hands of capitalist processes. George Lipsitz (2006) also points the finger of blame at “free-market fundamentalism” for pulling the rug from beneath lower-economic classes who rely on and need social services especially during and after disaster.⁴

At first glance, these positive descriptions – the story of Katrina, its disproportionate effect upon poor communities and the process of private companies displacing government bureaucracies – seem accurate. New Orleans was indeed an unequal and ethnically segregated city before the storm. The effects of hurricane Katrina did fall harder upon poorer communities compared to wealthier. In the

⁴ Part of what is included as a “capitalist response” is the reliance on private contractors such as Blackwater Security to provide immediate disaster response. Lipsitz (2006) and others argue that this form of “freemarket fundamentalism” militarizes the post-disaster environment and turns storm victims into potential enemy combatants. Though space does not permit a full discussion of this concern here, it is worth noting that private contractors are part of the public choice critique of disaster management (Shughart 2006). Further, many within free market academic circles have voiced similar concerns about the militarization of private civil society. See Healy, for example (http://www.cato.org/pub_display.php?pub_id=5074).

aftermath, wealthier citizens returned to New Orleans in greater proportion than their poorer neighbors – and at a faster pace. National retailers rebounded faster and more frequently than locally owned competitors. Coast-line housing space around the gulf was bought in large blocks for condominium construction. And many public schools underwent conversion processes to charter contracts and quasi-private organizational arrangements after the storm. When listing the pure facts of the case, both sides of the ideological spectrum share a similar narrative. The question that remains is how should this process of recovery be received? Is it correct to accuse capitalism and the incentives that capitalism creates for magnifying the devastating effects of hurricane Katrina? Or is the increased presence of private services a crucial or even inevitable response to dealing with the challenges of disaster? How un-welcomed and unsavory are the outcomes of capitalist recovery processes?

I intend to draw attention to an alternative literature that highlights the robust and resilient aspects of capitalism. In effect this alternative literature explains that capitalism allows cities, markets within cities and the real people who participate in those markets to rebound from natural and man-made disasters. The adaptive character of capitalism and free association is not a recent plan by economists to reshape society, instead it is a spontaneous outcome of free individuals acting quickly and purposefully in response to the harsh conditions of a crisis.

Scholars interested in political economy and market processes as early as John Stuart Mill (1848) took note of the durability of human civilization. Mill wrote, “[w]hat has so often excited wonder, the great rapidity with which countries recover from a state of devastation; the disappearance, in a short time, of all traces of the mischiefs done by earthquakes, floods, hurricanes, and the ravages of war... all the inhabitants are ruined, and yet in a few years after, everything is much as it was before (ibid., 15.19).” Public-intellectual Jane Jacobs (1961) was forever fascinated with the symbiotic relationship between urban cities and capitalist markets. To Jacobs, neither could survive without the other. The institutions of private property and the rule of law within the capitalist social order

accommodated for profit opportunities and encouraged people to live in close contact with one another. Jacobs eventually explained that metropolitan areas are the spawning ground for major portions of innovation and entrepreneurship within national and even global economies. Having witnessed urban environments undergo the challenges of natural disasters, social scientists are now more aware that the entrepreneurial and adaptive qualities of cities are the very characteristics needed to recover and rebuild from disasters. A close reading of Jacobs, and recent social science focused on disasters reveals an unrecognized counter-factual scenario. Were the people hit by a hurricane not living in a city, if they were isolated, if they did not have access to national economies, if they were less capitalistic, or not capitalist at all then they would not recover as well.

Finally, new research in political economy is echoing and re-emphasizing the long known resilience of cities. New Orleans is now the host of several different but related social science investigations to understand how the constituent parts of cities survive and rebuild after a natural disaster.⁵ New Orleans' population, its economic production processes and even its cultural trends have undergone a serious shock. But what is being observed by researchers on the ground is that capitalism is empowering New Orleans' unique communities with the tools and resources needed to rebuild. Capitalism arranges the incentives of people and businesses to be as well prepared for future disasters as needed. Symbols of capitalism like the presence and return of national retailers or the returned trends of business development are recognized by ordinary citizens and business-people, they are then perceived as a sign that things are returning to normal. They are often welcomed, and believed to be an indicator that there is hope for the future.

Cities are in part a residual of capitalism and in part a reinforcement of the functioning processes of supply, demand, the free flow of capital, labor and profit opportunities. Together these forces align to promote dense, resilient populations of informed and prepared citizens who are

⁵ See Vale and Campanella's (2005) edited volume and Boettke et al. (2007) surveys a large body of applied research dedicated to understanding the process of rebuilding currently underway in New Orleans.

equipped to respond and rebound to catastrophes. When this process is allowed to function freely people buy real estate and live in areas that reflect their perceived abilities to recover from potential disaster. When this process is interrupted by regulation or subsidy, populations are misinformed and inclined to live in areas where they otherwise would not have chosen.

Understanding the resilience of cities to crises cuts against hostility towards capitalism. Personal reports from real individuals affected by the storm further discredit the antagonistic portrayal of capitalism. New Orleans residents often reported normative beliefs in favor of commerce and efforts to rebuild the market economy of New Orleans. Markets are a part and parcel of an individual's and a community's identity, economy and culture.

The remainder of this paper is organized as follows. Section II will describe the decision making process that leads to the development and prosperity of urban cities. The susceptibility of New Orleans' poorest residents to the worst of Katrina's effects was exaggerated by both the national government's inability to construct a functional levee system, and the federal flood insurance program that began in the early 1930s. Section III will describe the process of spontaneous response and recovery that occurred after the storm. National retailers quickly responded by mobilizing much needed capital resources to the hurricane torn city. Such efforts were in part a welcomed renewal of normalcy to the lives and cultures of the effected residents. Section IV presents some concluding remarks.

II. BEFORE THE STORM:

Similar to Jared Diamond's (2005) unique theory of civilizational collapse where the essential cause is their lack of harmony within geographic environments, Colten (2005 and 2006) has pointed to New Orleans as an example of one such city in dangerous jeopardy against the natural tendencies of its geography. The gulf coast's openness to hurricanes, the low sea level of the city, and the natural fluctuations of the Mississippi all contribute to the high risks that New Orleans residents face when

living in the Big Easy. If the concern against unbridled capitalism were to fit along with Diamond's and Colten's geography-based theories of collapse then we would expect that the incentives created under free-markets inclined people to live in harm's way, but in fact the opposite case can be made. High risks and high costs in a free market would naturally deter people from living in harm's way.

The history of New Orleans' construction and expansion is not a narrative of free-acting citizens ignorant of weather hazards. Instead it is a story continually marked by governmental contracting fueled by political interest and residential expansion subsidized by federal flood insurance. New Orleans is one of the most historic cities in the United States founded in the early 1700s. Its location at the mouth of the Mississippi River made it a profitable setting for industry and commerce early on in American history, but that is not to say that it attracted too many people or encouraged them to live in too unsafe of locations. The city quickly earned the nickname the “crescent city” as a byproduct of its initial harmony with the natural geographic environment.

The oldest and most historic parts of New Orleans' downtown, mid-city and uptown areas form the shape of a large crescent moon that hugs the bank of the Mississippi River-bend. These areas were first selected for housing and commercial centers because the river produced a natural levee – a space of heightened land that lines the sides of a river as silt is deposited along the banks. Despite being close to the river and possibly in the path of a direct spillover, land upon the natural levee is elevated and protected from flooding and water buildup that occurs far more regularly compared to river spillovers. The center area within the crescent-shape is the most prone to flooding, its elevation is actually below sea level, it often floods without direct influence from the river such as from heavy rains. It historically holds the lowest economic value; since development has occurred in the central area it has historically housed the cities poorest residents (Colten, 2005, pp. 77 - 107). These neighborhoods were not developed until the early and mid 20th century after significant government interventions. First, in the early 1920s the federal government took responsibility for the construction and maintenance of New

Orleans' artificial levee system. Second, the national flood insurance program began in 1968 and made housing construction in flood prone areas less expensive. Lower-priced housing was a de facto subsidy that encouraged poorer residents to live in areas where they otherwise may not have been willing to spend such large amounts of money at such high levels of environmental risk.

Historian John Barry (1997) detailed the narrative of levee constructions as a continual game of back and forth between alternative geological perspectives and competing political interests. James Buchanan Eads, a self-made engineer and ship inventor, proposed a system of jetties - barriers at the mouth of the Mississippi built into a v-shaped funnel. Eads's theory was that jetties would narrow the river and quicken its flow. Faster water over a narrower channel would deepen the river, it would make navigation for trade ships easier and eventually allow for greater water volume without disrupting the river's natural cycle. Continual minor flooding would be an easier task to manage than sporadic and intense flooding. On the other side of the debate was Andrew Atkinson Humphreys, a civil war general, who Barry described as craving the political authority of Eads's position. He proposed a levee system instead of jetties. Levees, essentially walls, would heighten the barriers between the river and the city and hold back floods away from developed areas. Levees need to be continually maintained to keep their effectiveness -- heightened and strengthened over time, delaying the inevitable. Barry's description leaves the reader in favor of Eads over Humphreys, but regardless of which theory of geophysics one might be convinced by, the historical record is clear that the political conflict between the proposals resulted in logistical compromises and technical inefficiencies. In the end, several proposals were put forward and broken into separate policies. The levee committee did not vote between full proposals, instead they settled on a new alternative – a hybrid compromise of different voting decisions: outlets, cutoffs, levies, reservoirs, and jetties. The basket of techniques selected by the committee negated the efficacy of any of the originally proposed plans – the only fact that could be agreed upon by the spokesmen of the original theories (p. 90).

Before the army corps of engineers began constructing levees, individual land owners self-served their flood-protection needs. They built smaller-scale levees and drainage canals when needed according to the size of their property. Residing in a flood prone area meant burdening a higher cost of caring-for and maintaining one's property, affording reconstruction when property was damaged, and or paying increased premiums for insurance coverage. Low sea level - high flood risk areas were less populated than the higher sea level portions of the city and populated only by those who could afford or adapt to the hostile conditions. Colten (*ibid.*, 142) has suggested that the early flood control system was disjointed and ineffective. From modern perspectives, where New Orleans houses larger populations and different economic production lines, this is not surprising but that is not to say that the self-provided system was all bad. When the means of flood protection were ill-suited to grander ends of development, individuals were forced to pay compensation in the market prices that their land held. This discouraged development in high risk areas and therefore lowered the costliness of hypothetical flood damages. In contrast, after the government-provided flood protection system, individuals were more encouraged to live in more flood prone areas, this arrangement resulted in more damages and higher costs in the event of disaster.

In addition to paying lower costs for flood protection, development and home purchases in high flood risk areas was subsidized anew in the late 1960s by the NFIP (National Flood Insurance Program). “The National Flood Insurance Act of 1968 was designed to provide subsidized flood insurance and to reduce long-term flood damage through... land use and control measures (Anderson, 1974, 570).” The program was intended to offer flood insurance to individuals who were in need yet without the means to afford it, but in effect the size and scope of this population was unaccounted for because the program failed to foresee its influence on encouraging new individuals to reside in more flood-prone areas.

The incentives created through free-markets in flood protection and real-estate before

governmental intervention in New Orleans inclined individuals to live in safer areas and invest in proportionate amounts of flood control technologies. With government intervention in these areas also came increased development in high flood-risk areas of the city. At this point of the narrative the critics and proponents of free-market theory both agree that political processes re-arranged personal incentives so residents lived in different portions of the city than before, and the city was subjected to a sub-optimal flood protection program. The two schools of thought seem to be talking past one another. The critics perceive capitalism as part and parcel of the political system which produced the bad incentives and the bad outcomes, but this is not free-markets at all. The self-provided system of small-scale levees and neighborhoods before the state system was the real free-market at work.

The academic left shares a similar vision of the political process as Public Choice and often free market economists (Congleton 2006) -- politics is often the arm of corporate interests. Strivers (2007) and Strolovitch et al. (2005) explain how societal racism infects politics and in turn the political response to Katrina. The implication is that corporate interests must be removed from the political process in order to preserve and protect a purer and more equitable form of politics. On the other hand, free-market advocates, wish to remove politics from the sphere of markets. Unfortunately the character of “free-markets” painted by its critics is not a society where private individuals cooperate and innovate new discoveries to serve flood-protection needs. It is instead a political world where major corporations bilk the public coffers to gain profit and privilege over the citizens. These are two significantly different visions whose differences are un-accounted for within the current literatures.

III. AFTER THE STORM

Selling goods and services after a hurricane have long been areas for normative complaints against the free market. With high demand for capital and physical resources, prices and profit opportunities increase in the wake of disasters. Commentators often fail to recognize the important role

that price increases serve to signal suppliers and attract needed capital to devastated areas quickly and efficiently. Instead they complain that escalated prices are unfair exploitation over the victims of circumstance. These traditional complaints were raised in Katrina's aftermath and received the usual temporary press attention and eventually they lost their appeal. Capitalism, big business and privatization threaten the pre-existing cultures, policies, and social ideologies of hurricane torn areas. Klein for one implies that the interests of previously housed local populations are put aside in favor of corporate profits and privatization (2007a, 2007b, 2005a and 2005b). While hurricanes and natural disasters do instigate a process of social change, the normative claims against capitalism and private business are overstated because they inherently misrepresent capitalisms or the free-market's role in the disaster scenario.

Economist Joseph Schumpeter (1942) coined the term “creative destruction” to describe the market processes of competition and innovation. As a new product enters a market it competes for profit share alongside the previous product line and is perceived by consumers as a viable substitute. Consumers choose the product that offers them the most value at the lowest cost. The market space as a whole is constantly churning up a mix of more and less dominant sellers and suppliers. The character and qualities of goods and services within a market get defined anew over and over again as competitors gain and loose market share, enter and exit the market, succeed and fail. I intend to show that the process of social change that occurs after a disaster is similar to Schumpeter's metaphor. As disasters strike individuals, groups, and firms less equipped and willing to endure the costs and challenges of rebuilding are displaced by others who are more willing and able. As was explained in the previous section the bundle and allocation of individuals and groups within New Orleans was misaligned before the storm and allowed the opportunity for re-allocation in the wake. The deck is stacked in against capitalism because the observed shock and process of social change that was observed after Katrina was in theory more potent and intense than it would have been without

government intervention misinforming individuals and in effect misaligning their residential purchases.

Klein's theory of disaster capitalism intrinsically recognizes Schumpeter's vision of "creative destruction," and other writers such as BondGraham (2007) reference it explicitly. A natural disaster is an opportunity for the characteristics and qualities of real-estate, political policies and traditional cultures within an area to be reshaped and redefined by new sellers and suppliers. The conditions are different in the wake of disaster then they are in traditional development and construction and thus so are the demands and preferences of consumers. The firms that recognize and satisfy the demand for rebuilding make profits over those who do not. It took over two centuries for New Orleans to be built and developed precisely as it was before Katrina hit, yet it will likely be rebuilt after the storm at a much faster pace (though perhaps slower as a consequence of various state inefficiencies). After a hurricane buying, selling, distributing, contracting, laboring and maintenance all require new techniques compared to their traditional methods because they must be performed faster, more frequently and in significantly higher demand. For many, the capitalist process of hurricane reconstruction has not been an object of scorn but one of deep awe and admiration. The process of rebuilding is relatively faster than initial development, though slower than we may like, but it has required no unified central authority to control or plan for it. When asked how the distribution of his store was holding up against the challenge, a hardware retail manager said he was "amazed," and "had never seen anything like it... We sell out but we know their will be more shipments in by the week."⁶

For the academic left, market processes have a specifically normative implication, the preferred original shape and character of a community is lost to the new – an inherent tragedy. For economists, market processes, regardless of disasters, are potentially net gains in social welfare. Long term trends of economic growth, prosperity and increased living standards all result from free-markets where

⁶ See interview subject "Cox" in Chamlee-Wright (2008, p. 27). And additional material in remaining interview in The Mercatus Center's New Orleans project interview transcript database. Cox and other guy.

institutions provide for their development.⁷ Competition and innovation amidst creative destruction is an evolutionary process that accommodates for new products and services that satisfy wants and demands that previously went unmet. Change does not take place for its own sake, it opens the potential door for improvements and progress. Tyler Cowen (2004) has even gone so far as to apply Schumpeter's "creative destruction" to the processes that cultures undergoes amidst globalization. To Cowen, the cultural content of a globalized market economy is constantly growing and strengthening. The qualities of food, art, music, theater and literature are all increasing as their producers strive to innovate and deliver better ways for society to experience cultural expression. Though the character and qualities of New Orleans population, properties, and cultures are subject to changes in the wake of hurricane Katrina it is not inherently change for the worse. It seems reasonable to assume that given the time to rebuild and regroup, the next hurricane will be far less devastating upon the city.

For many the state has a responsibility to protect the people from the effects of disasters , therefore any changes in local populations or the ownership rights of land and property are evidence against capitalism. Take Henkel et al.'s (2006) concluding remarks as an example, "the fact that Blacks in New Orleans were disproportionately affected by the disaster suggests that other, more subtle processes were at work... personal prejudice, past and present institutional racism, and cultural racism (p. 118)." For the left, what has been, and is being, observed in New Orleans implies that there should be a larger role of state and federal involvement in hurricane preparedness and response. Again, I am concerned that the initial assumption regarding the responsibility of the state to provide protection against disaster stacks the theoretical deck in its favor. In essence any outcome of a natural disaster that possesses a marginal change from the status quo will invoke theories regarding the shock doctrine and call for increased government intervention. I argue that there are two alternative and non-exclusive

⁷ For several years the Fraser Institute and the Heritage Foundation have independently ranked countries according to several contributing variables of economic freedom. The two indexes share similar results – an extremely strong correlation between economic freedom and economic prosperity.

perspectives that have been overlooked. If these alternative perspectives hold up they significantly weaken the normative implications against markets. First, is the possibility that private-market-based institutions are technologically and economically superior at responding to natural disasters than are governments. The academic left would prefer the state to halt the quick efforts of private businesses in favor of more humane and personal re-construction, but this is essentially an exchange between technological efficiency and aesthetics, one that is rarely preferred by the individuals who are actually affected. This introduces my second claim, that private market-based businesses are part and parcel of the traditional cultural identities for which there is so much concern. New Orleans residents considered a functioning commercial society as part of their everyday lives. After being devastated by Katrina, they reported a high demand for the return of that normalcy.

Several recent theories and reports have explained reasons to believe that governments are not very good at handling natural disasters while private firms and market processes are resilient and robust. Boettke et al. (2007) constructed a comparative analysis between government and private-sector institutions in the wake of Katrina. They found that the observed successes in New Orleans are largely private, where the observed “frailty and slowness” is caused by the public-sector. In the early aftermath of the storm “the Government Accountability Office [reported] that the cost of fraud and abuse in rebuilding could top \$2 billion (*ibid.*, p. 366).” Leeson and Sobel (2007a) exposed the empirical record that FEMA's allocation of resources reflects political interests over the public welfare. In an earlier paper (2006) they described the incentive problems and bureaucratic inefficiencies that took place after Katrina, and finally they argued that certain decision making tasks in a disaster scenario rely upon tacit knowledge that is inaccessible by state-authorized decision makers (2007b). Not only are there margins of speed, efficiency and supply where markets perform better than states, but there are some tasks such as determining specifically what to produce, where to send it and who needs it most, that central-authorities are simply incapable of knowing without the market process.

The body of success stories to erupt out of New Orleans is a more difficult narrative to construct. When asked, “who are the heroes of September, 11th?” the answers seem obvious – the New York fire department workers who rushed selflessly to help others. But success stories were less popularized in the aftermath of Katrina. Similar to Elliot and Pais's (2006) investigation that showed whites relied on families and friends while blacks relied on the lord, Emily-Chamlee-Wright (2008) employed innovative methodologies and theoretical insights to understand the dispersed and spontaneous aspects of recovery underway in New Orleans' communities. By taking a ground floor approach to social research she discovered that private civic leaders and individuals were the closest thing to so-called heroes in the case of Katrina. As seen in her contribution to this volume, Chamlee-Wright explains that mutual assistance was the most prominent strategy employed for recovery. Individuals used network lines built in civic society's private sector – religious groups, businesses, and community organizations - to connect to one another and mutually exchange scarce labor and resources. Elsewhere, Chamlee-Wright (2007) and Chamlee-Wright & Storr (2007) look more deeply into the inner workings of New Orleans's local Vietnamese community – a group of families that has proven particularly resilient in the wake of the hurricane without large-scale state assistance. This community demonstrated early signs of robust rebound long before rebuilding assistance programs were in place.

Amidst the several research projects coming out of the Katrina case, there is one final piece of evidence that stands against the normative hostility against the free market. Real people are part of the market and markets are integral parts of real cities and real communities. Several of the studies surveyed above are portions of a broad and far reaching research project sponsored by The Mercatus Center. The papers by Chamlee-Wright in particular have utilized ethnographic research methods; research teams have periodically visited the city after Katrina and conducted open ended interviews in order to understand how real actors and individuals conceptualize the tasks and actions of recovery.

How do they normatively perceive the relationship between politics and markets? When asked to identify tell-tale signs of returning life after the hurricane, the responses from interview subjects were consistently portions of the free-market rather than governments. In addition to obvious social signs such as houses being repaired, and neighborhoods slowly becoming busier, it was not until the re-opening of local and national retail outlets that life was truly said to be getting back to normal. Grocery stores, department stores, pharmacies, and restaurants were repeatedly described as saving graces in the long and difficult process of recovery. One subject replied that a Wal-Mart under a tent felt like a great luxury,⁸ another elaborated how being able to buy make-up at a local drug store finally made her feel normal again, like she had before the storm.⁹

IV. CONCLUSIONS

The normative claims against capitalism and market processes in the wake of natural disasters are often overstated. New perspectives that explain and theorize particular procedural orderings of crisis and response fail to recognize the beneficial aspects of market-based incentives to mitigate the effects of natural disasters before they happen, to alleviate their effects after they occur, and to facilitate quick and reliable rebuilding. Capitalism and market processes are robust and resilient mechanisms at the task of distributing goods and services throughout society including the goods and services of rebuilding after a disaster. In many ways these mechanisms are un-replicable by central-planning or government services. Finally markets should be recognized as part and parcel of people's cultures and local identities because it is people who make up the market.

⁸ See interview subject "Jessica" in Chamlee Wright (2006, p. 22) and remaining interview in The Mercatus Center's New Orleans interviews database.

⁹ See Hancock County Medical Center interview in The Mercatus Center's New Orleans interviews database.

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