

# The Economics and Ethics of Hurricane Katrina<sup>1</sup>

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ABSTRACT. How might free enterprise have dealt with Hurricane Katrina and her aftermath. This article probes this question at increasing levels of radicalization, starting with the privatization of several government “services” and ending with the privatization of *all* of them.

## Introduction

There is an extant literature offering a highly critical assessment of how the various levels of government, and the various government agencies, dealt with the flooding and the aftermath of Hurricane Katrina in New Orleans and the Gulf Coast (Anderson 2005; Block forthcoming; Block and Rockwell 2007; Lora 2006; Murphy 2005; Vuk 2006a, 2006b; Westley 2005; see also Thornton, 1999). The present article takes it as a given that government at all levels was found wanting, severely so. Not only did the apparatus of the state not prevent the disaster from occurring in the first place, nor did it provide any timely positive benefits to the afflicted. Seemingly, it reserved whatever efficiency it could muster for the task of preventing private institutions from serving this function.

Here, in contrast, we attempt to wrestle with the question of how might private enterprise, if left to its own devices, have functioned in this regard.<sup>2</sup> The second section discusses a moderate capitalist scenario for getting the Big Easy back up onto its feet: privatizing schools, eliminating welfare, public housing and business regulation; next, we

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American Journal of Economics and Sociology, Vol. 69, No. 4 (October, 2010).

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offer a more radical proposal, New Orleans as a city state, and then we discuss a very radical proposal indeed: abolishing all taxes and relying solely on markets for levee protection, and actually curing bad weather conditions. The penultimate section deals with an objection to our thesis, after which, we conclude.

### **A Moderate Capitalist Scenario**

Now that we have made the case that there is something wrong, something terribly wrong with the way things were managed both pre- and especially post-Katrina, it behooves us to attempt to offer solutions. We do so in three stages; first, in this section, a moderate proposal; in the next, a more radical one; and in the third, an even more extreme vision.

If New Orleans is to have a future, privatization must be relied upon to a far greater extent than ever before thought possible.

Consider the following aspects of free enterprise “planning” for this city.

#### *Housing*

Real estate prices in the “high and dry” areas of the Big Easy have catapulted.<sup>3</sup> This has led for calls, on the part of those innocent of all economic insight, for rent control.<sup>4</sup> This, of course, is the very opposite of the direction to take that can save the city.<sup>5</sup> High rents and house prices will encourage more investment in this sector of the economy. It is far better to allow markets to allocate housing.

However, there are some changes in housing policy that would greatly benefit Crescent City. For one thing, an end to public housing would be helpful.<sup>6</sup> These are dens of iniquity, hopelessness, and crime, under the best of circumstances. Ideally, this real estate should be sold and the proceeds given back to the people who were forced to finance them through compulsory taxation. This may not be politically feasible. Margaret Thatcher dealt with this problem by giving these housing units to their occupants.<sup>7</sup> If the new owners were allowed to sell them at market prices, this would pretty much guarantee that these accommodations passed into the hands of those who

valued them the most, as determined by dollar votes. In many cities, not only New Orleans, public housing sometimes occupies very valuable real estate with short commuting distances to the central business area. There is simply no rationale for reserving these spaces for the very poor<sup>8</sup> in a city struggling for its very life. Unfortunately, the very opposite seems to be occurring; there are now forces pushing for the reopening of Housing Authority of New Orleans (HANO) properties.

### *Crime*

In the immediate aftermath of Katrina, the crime rate in New Orleans plummeted, as the criminal elements relocated to places like Houston, Memphis, and Atlanta (which, in turn, suffered from a boost in lawlessness).<sup>9</sup> However, these same criminal types, often members of drug gangs, have been drifting back in to town, to the dismay of the law abiding folk. As well, new gangs have been moving in, to take advantage of the lacuna in addictive drug provision.<sup>10</sup> The prognostication does not look good, if fights for turf take place.

The libertarian answer would be to legalize addictive drugs such as heroin, cocaine, marijuana,<sup>11</sup> gambling,<sup>12</sup> along with prostitution<sup>13</sup> and other goods and services the prohibition of which also promotes crime. This plan, at one fell swoop, would give a needed economic boost to the city, as well as pretty much end major crime. Just as we learned from the end of the prohibition of alcohol, gang warfare and crime emanated not from these goods and services, themselves, but, rather, from their prohibition.

### *Welfare*

All such programs should be ended, forthwith. At the best of times, the dole promotes idleness and dependency.<sup>14</sup> A city in such dire straits such as the Big Easy cannot afford such fripperies. In the words of Margaret Thatcher, it needs “workers, not shirkers.” It is as if there were a life boat, already perilously loaded, and there were still a few swimmers in the water. If they take on bailers, well and good; the prognostication for the entire boat improves. But, if they encourage

the entry of those unwilling to help, the prospects for the entire group are put at greater risk. Make no mistake about it: New Orleans is now in deep dark trouble. The last thing it needs is welfare dependents. Unfortunately, there is no movement afoot to reduce welfare dependency, let alone end it.<sup>15</sup>

An objection to the foregoing is that eliminating welfare in one jurisdiction, and in one alone, would be “discriminatory.” No doubt it would be. We concede this criticism. However, desperate circumstances call for desperate measures, and, with the possible exception of Detroit, there is no city in the United States in a greater plight than New Orleans. That alone would justify special treatment. Now, it may well be that such a solution may not be compatible with the laws of the land. If so, our response is, “change the laws of the land.” We refuse to be bound by “mere” U.S. law; our brief is to offer solutions addressing the plight of a large American city; if they are incompatible with extant legislation, so much the worse for the latter. In any case, there is precedent for this sort of thing: free enterprise zones, where regulations, taxes, etc., are relaxed, reduced, in order to promote economic well being (Kuotsai 1998; Lawless 1986; Rothbard 1995: ch. 21; Strider 1986).

#### *“Public” Services*

So called public services such as sanitation pickup, fire protection, filling in potholes, etc., can under ordinary circumstances be done by private enterprise at a fraction of the cost needed by civil “servants” and bureaucrats.<sup>16</sup> But these are not everyday conditions. As any inhabitant of New Orleans<sup>17</sup> can attest merely by driving in the local streets. Garbage is everywhere,<sup>18</sup> piled up neatly<sup>19</sup> in the streets, ready for a pickup that never comes. The potholes are everywhere, even on main streets such as St. Charles Avenue; some of them are more like craters than potholes. As for the side streets, many of them are now dirt roads, harkening back to a bygone era, or to third-world practice.

#### *Education*

One of the major benefits of Katrina and her aftermath is that numerous public schools have suffered so heavily from storm and

flood damage that it is unlikely they will soon be able to be opened again. This is *precisely* as it should be. These institutions are breeding grounds for crime and slothfulness. Even when they are somewhat successful, as in the suburbs of many major cities, they still cost us the alternative of private education, which is even more successful at less cost. The last thing New Orleans needs is the reopening of these dens of iniquity.

Even before the advent of Katrina, public education in the Big Easy was in a shambles. According to one commentator, "New Orleans public schools were a basket case before Katrina hit."<sup>20</sup> No truer words were ever said. The chaos included poor financial management and abysmal test scores. Why go back to the bad old days, education-wise, when the silver lining of Katrina is that she swept away many public schools, along with the rest of her havoc. Why not try something new? Namely, privatization, and free enterprise, which have worked well in numerous industries, and are supposedly the bedrock of the country. Katrina has supplied us with a splendid opportunity.<sup>21</sup>

#### **A More Radical Proposal: The Free State Solution: New Orleans as Hong Kong<sup>22</sup>**

##### *Freeport*

If New Orleans were turned into a free port, a city state all on its own, its chances for a rosy financial future would be much improved. Instead of relying on millions of dollars, perhaps billions, from Washington, to be mis spent by FEMA (a four letter "F" curse word in some southern parts of the country that is the United States), the Big Easy would be far better on its own.

"He who pays the piper calls the tune." This is no less true of public finance than of any other field of endeavor. With federal money comes federal control. Often, all too often, this "aid"<sup>23</sup> comes not in the form of dollars given to recipients, but as in-kind goods. But the latter is necessarily less efficient than the former, save in the rare cases where the recipient would have spent the money in exactly that format. For example, which would the average person rather have, one violin,

one motorcycle, a year's supply of beer, two suits of clothes, 1,000 Frisbees, 10 steaks, and 100 bowling balls, or, the exact amount of money necessary to purchase these things, to use exactly as he would like? The answer is obvious. And yet, FEMA gives residents of New Orleans mobile home campers, costing some \$70,000 each, that will blow away in the next strong wind,<sup>24</sup> when they might have offered lower-priced sturdier prefabricated cottages costing around \$5,000 each. Better yet would have been cash on the barrel head.

Political separation is the ultimate in decentralization. If the latter is a plus in terms of economic development, then this applies, in spades, to the former. Why should the people of New Orleans be dependent upon the largesse of those thousands of miles away from them, when local control and self reliance is a far better recipe for success?

The obvious objection to this element of the free market plan is that it is too extreme. However, this may well be the window of opportunity for separation. If New Orleans were to renounce all promised aid funds from the United States, there is at least the chance that "they would let my people go." When South Carolina attempted to utilize its constitutional right to this end, there was no big financial gain to be made by the federal government in acquiescing. That is no longer the case.

It cannot be denied that there is a sense in which New Orleans homeowners are owed federal money, and would be foolish to renounce it for what might be seen as pie in the sky benefits of separation from the United States.<sup>25</sup> After all, the levees that were breached by the hurricane were built, owned, and operated by the federal government. There is, however, another side to this issue. First of all, many of the laws under which Crescent City dwellers are to be compensated were illegitimate in that they improperly subsidized irrational geographical settlement patterns. Encouraging people to live in a flood plain simply makes no sense. Second, and more pertinent, the nature of the governmental beast is that these funds will not and cannot be forthcoming without committing further rights violations. From whence will Washington, D.C. collect the funds it is promising to rebuild the Big Easy? Why, from other taxpayers. And this in turn amounts to no less than theft.<sup>26</sup> In the very nature of things it is impossible to be compensated by the actual perpetrators who are far

too few to make up for the vast damage they have perpetrated. So, in justice, New Orleanians will not be giving up anything that properly belongs to them in any case.

However, the federal government may well be more willing to cede control of the Big Easy in lieu of paying out these vast sums of money already promised, particularly in contrast to the case if this situation did not occur. Not that it is likely in any case; but we are attempting to map out the ideal road ahead whether or not it is politically feasible.

With New Orleans the southern U.S. equivalent of a Hong Kong or a Singapore, the inhabitants of this city will be in a position to pursue a much more radical free enterprise route than would otherwise have been the case.

#### *Objections*

There are two more objections to this public policy suggestion of ours that must be considered. First, in the words of a referee of this journal, "it would provoke more big U.S. port cities to follow suit." Well, yes, true. Virtually any successful innovation will be met with emulation. Imitation, after all, is the highest form of flattery. But this merely demonstrates that this policy would be a *success*, not a failure. *Any* successful policy implemented in New Orleans would presumably be copied elsewhere.

Second, again from a referee, "Hong Kong will remain 'free' only until China feels it is proper time to take it over, and the same goes for Taiwan as well." Maybe yes, maybe no; this is an empirical question that is very difficult to answer before the fact. Of course, China has the raw power to do with Hong Kong and Taiwan what it wishes. But there may well be counteracting forces preventing the People's Republic from doing any such thing; for example, wishing to attain the goodwill garnered for it by the Olympic Games of 2008. In any case, China has not yet seen fit to overrun either of these relatively free areas, evidence not compatible with this objection.<sup>27</sup> In any case, this has little to do with our recommendation for New Orleans. It is unlikely in the extreme that if the United States were to allow the Crescent City to become a robust free enterprise zone, that any other political jurisdiction would negate this.

**A Very Radical Proposal Indeed: Anarcho-Capitalism<sup>28</sup>**

The problem with separation is that at the end of the day there would still be a government in charge of New Orleans. True, it would be a local decentralized one, but it would be a government nevertheless. There would be a political leader remaining in office. Whether he functions as mayor, governor, or president, it matters little. There are two main problems with politics. One, there is no automatic feedback mechanism that penalizes failure.<sup>29</sup> When an entrepreneur cannot satisfy customers, and they spurn him, he very quickly goes bankrupt. Not so for government. Imagine if the state were in charge of the horse and buggy industry; likely, it would still be with us now. Two, it is illicit<sup>30</sup> in that it forces people to pay it (taxes), whether they wish to avail themselves of its services or not. No other institution in society has any such improper legal monopoly over the initiation of violence.

We move, then, to a consideration of how anarcho-capitalism would impact the Big Easy should ever such a lovely prospect come to pass. In a word, it would resemble nothing so much as a giant Disneyland,<sup>31</sup> with private police, courts, streets, and, most important in the present context, levees. We will start with a discussion of the latter, since the case for the former has already been demonstrated.<sup>32</sup>

*Levees*

In early 2006, a bevy of local politicians traveled to Holland to inspect their dikes. Amsterdam, after all, has dealt with the challenges of being located below sea level to a degree that can only be the envy of Crescent City. But this was a mere junket, a boondoggle, an excuse for the bureaucrats of New Orleans to take an all-expenses-paid trip courtesy of the long suffering taxpayer. Better they should have sent engineers from Louisiana over there to examine their apparatus for keeping the sea out of town. Even better would have been to hire some Dutch engineers to come over here and replicate what they have done there.

But even this sensible plan would constitute merely a governmental outsourcing to private enterprise. And, since when has the state been able to do even this with competence and without graft? Certainly not in New Orleans, and not elsewhere either. No, something far more

thoroughgoing is required. A radical libertarian privatization is needed. If people like Donald Trump and Bill Gates were to buy up large swaths of this ruined city, along with all the streets, roads, highways in town, they, along with several extant businessmen's associations, would likely be able to "internalize the externalities"<sup>33</sup> to a sufficient degree to build all the water protection they needed, all on their own accounts.

That is, if entrepreneurs of this stamp thought New Orleans to be a potentially going concern, they would use their own funds to ensure that there would be no future flooding as occurred in the aftermath of Hurricane Katrina.<sup>34</sup>

It is by no means necessary that the entrepreneurs be able to purchase the entire land mass of what now constitutes New Orleans. It is likely in the extreme that far less than this would be economically viable. To hazard a guess, perhaps as little as 25 percent. Further, let us not assume that the necessary purchases will be spread out evenly over the Big Easy. Far more likely they will be concentrated.<sup>35</sup> If so, it may be within the bounds of engineering capability to credibly threaten to save only those areas of the city where a sufficiently high percentage of the land can be purchased.

Moreover, there are several large areas already owned by individuals or corporations. For example, Loyola University and Tulane University. Then, there are Audubon and City Parks, the NASA Michoud Facility, The U.S. Coast Guard Reservation, Alvin Callender Field, John Lafitte National Historical Park, New Orleans International Airport, and the University of New Orleans (after, of course, these are privatized). With fewer bargainers, the transactions costs<sup>36</sup> ought to be lower.

Perhaps the largest single amount of territory possibly to come under the control of one owner is comprised of all of the streets and highways in the city. Whoever comes into control of them will by definition be one of the largest landowners in the city, and thus play a role in reducing transaction costs. It is crucially important as to how ownership of this facility is transferred into private hands.<sup>37</sup> For this, in one fell swoop, offers the answer to the hold-out problem. The most reasonable way to do this would be to create corporations of street owners. For example, the St. Charles Avenue corporation would come

to own St. Charles Avenue. Shares of stock would be given to every property owner abutting this street, in proportion to his frontage. If so, this would pretty much end the hold-out problem, as an entire street, or an entire neighborhood, would be bound by the majority of the stockholders.

#### *Weather*

There is a weather control industry,<sup>38</sup> and private enterprise may be able to make important progress in these areas.

It is viable. It is operational. It has made great strides already, and is continually improving. It is benefiting from the weeding out process, whereby firms that satisfy customers enlarge their scale of operation, and those that do not pass by the wayside. This is the recipe for success in every other industry known to man, and there is no reason to posit that it cannot, indeed, is not, functioning in this way at present in terms of weather control.

One large corporation protected its parking lot, chock full of automobiles, from a hailstorm by shooting off a cannon that sends “sonic waves up to 50,000 feet in the air.”<sup>39</sup> According to Eric Rademacher, an environmental engineer: “Hailstones are formed and begin with a piece of dust in the clouds. There is a lot of activity going on, and what we do is to de-ionize that activity in the clouds and keep those dust particles from collecting moisture out of the clouds in turn reacting and forming what we know as a hailstone.” Hailstones today, hopefully hurricanes tomorrow.

But all is not well regarding the private enterprise of weather control. Government is sticking its evil nose into the initiative. From 1962 until 1983, the National Weather Service was involved in such initiatives with its Project Stormfury.<sup>40</sup> But it gave up, and now bash private companies that are attempting to improve matters.

Even that great bastion of free enterprise, China,<sup>41</sup> has gotten into the act.<sup>42</sup> According to a *China Daily* report: “Drought-stricken central Henan province has been using a method called cloud seeding, in which chemicals are shot at clouds.”<sup>43</sup> The only problem here is that those responsible for these acts were not actually market participants; rather, they were elements of the government.

A similar threat to a complete role for private enterprise in protection against the elements emanates from Russia.<sup>44</sup> In order to protect its 60<sup>th</sup> anniversary of its victory over Nazi Germany the Russian air force<sup>45</sup> was dispatched to disperse rain clouds.<sup>46</sup>

Personal disclosure. The present authors have no stock in any cloud seeding or any other such company. We are not meteorologists. We make no claim that this technology shall be the one that finally brings winds on steroids like Katrina to her knees. There are dangers in this technology, too.<sup>47</sup> All we are saying is that the market—with proper protections for private property owners—can be trusted to satisfy consumers in this field as in all others.

Is there any doubt that if the government can keep its mitts off this industry, in the years to come it will make great strides in protecting us from inclement weather? But that means no taxation, no unnecessary and stultifying regulation, no nationalization, and no subsidization of government bureaus in competition with these folks (such as the case in which public libraries compete with private bookstores and lending libraries, and even with the local neighborhood Block Buster).

The technology<sup>48</sup> of cloud seeding<sup>49</sup> has been utilized since 1946. Private enterprise is not anywhere near perfecting it. But it is our contention that if government stays away, objections to the contrary notwithstanding, that this is the best long-run hope for humanity to rid itself of this ancient scourge.

### *Police*

Where would the average person rather meet someone for a brisk walk, a *tete a tete*, or a conversation at 11 p.m. some Saturday night: in Disney world, where he would be protected by private police, or in a public park, such as Central Park in New York City? Exactly. Precisely. This is a silly question. To ask it is to answer it. If there were a crime in the former place, thanks to cameras all over the place, and other technological breakthroughs, the perpetrator would be very quickly surrounded by a bunch of mice and ducks, all of them packing serious heat, and the perpetrator would be whisked away before he could carry out his evil intentions. The reason for this is

simple; occurrences of this sort are very bad for business. Millions of dollars would be lost by the Disney Company were it foolish enough to allow this sort of thing to happen with any regularity.

Matters are very different as concerns Central Park. There, no one apart from the victim loses any money when a robbery takes place. Not the mayor, not the police chief, not anyone. Thus, it is no great mystery that more murders, rapes, thefts, etc. should take place on public rather than private property. The only reasonable solution is to turn such matters over to private enterprise (Tinsley 1998–1999).

The point is not that there is anything intrinsic about the public-private distinction, as far as manpower is concerned, that necessarily inclines us in favor the latter. The key is bankruptcy. Private firms that cannot satisfy customers lose profits and are forced out of business if they do not change the error of their ways. Look at the Fortune 500 for last few decades and see how many once seemingly powerful, even impregnable corporations later disappeared. In sharp contrast, when the post office or FEMA or the motor vehicle bureau fail to please consumers no such automatic feedback mechanism disciplines them.<sup>50</sup>

Matters would be far worse for a meeting in Audubon Park in New Orleans. For there, one is dealing not only with public police, but with the disgraced police department of New Orleans. How disgraced? For one thing, hundreds of them deserted their posts in the aftermath of Katrina.<sup>51</sup> For another, dozens of them were actually caught looting private property, such as Wal-Mart, and not for food or water or other such necessities either. Rather, they were carrying jewelry electronics and other merchandise totally unrelated to any emergency situation. Even worse, they were busily confiscating weapons from innocent private citizens, whom they knew full well would only use them for defensive purposes.<sup>52</sup>

Far worse than that, far worse, was how these policemen were treated long after the fact; instead of being fired, which they full well deserved, rather than being incarcerated along with the other criminals whose behavior their's so well matched, they were for the most part given mere slaps on the wrist. A few days or weeks of suspension, and other punishments of that ilk.<sup>53</sup> No, it is time, it is long past time, for the privatization of New Orleans' "finest."

We realize full well that the suggestions in this section are very radical, very radical indeed. But, desperate circumstances call for desperate measures, and New Orleans is indeed presently in a desperate plight. Consider the following:

- Katrina and its aftermath was responsible for some 1,600 deaths, and \$100 billion in property loss (Chamlee-Wright and Rothschild 2007).
- Despite a commitment of \$110 billion in federal funds (Chamlee-Wright and Rothschild 2007), the recovery of New Orleans and surrounding areas has been pitifully slow: the high profile and heavily tourist oriented street cars are still (as of October 2007) not operational on New Orleans' main drag, St. Charles Avenue.
- Crime rates are horrendous. The murder rate is 10 times the national average. Hundreds of blank bullets were fired in the Crescent City, and no one reported this to the police, out of fear of retaliation by criminals; this occurred in 2004, before the advent of Katrina in August 2005 (<http://www.msnbc.msn.com/id/8999837>); there have been fewer murders in the city in the last year, but this is because the population has shrunk; on a per capita basis, New Orleans is still one of the most dangerous places in the country (<http://www.nytimes.com/2006/03/30/national/nationalspecial/30crime.html>).
- Mexican workers; further evidence of the plight of the Big Easy is that native New Orleanians are *not* in the forefront of rebuilding their city. Instead, this role has been taken up to a large extent by immigrants from Mexico and other Latin American countries (Cowen 2006).
- As of August 2007, two full years after the Katrina debacle, New Orleans has still not reached 70 percent of its prehurricane population. Data on this matter are not fully reliable, but this estimate is based on the number of people receiving mail on these dates (<http://www.gnocdc.org/>).
- Insurance rates, not unreasonably, have reached stratospheric levels, given fears about future storms, levies, the Army Corps of Engineers, and FEMA. A typical newspaper headline reads: "Many in New Orleans can't afford insurance" (<http://www>).

msnbc.msn.com/id/14456934/). Increases in the neighborhood of 50 percent are not unknown ([http://findarticles.com/p/articles/mi\\_qn4200/is\\_20060422/ai\\_n16222762](http://findarticles.com/p/articles/mi_qn4200/is_20060422/ai_n16222762)). This phenomenon, too, is yet another obstacle that must be overcome by this city if it is to survive, let alone prosper.

### **An Objection**

Here is an objection made to an earlier version of our article by a referee of this journal:

I see only one problem with your philosophy of complete libertarianism. That is an ideal that can inspire morality in societies that are inhabited by morally enlightened individuals, but what can you do in modern Western societies that have large criminal and quasi-criminal elements? I readily accept the fact that these are in part the product of distorted government interferences in the past. But I ask you to explain what you would do with the useless and criminal elements of the population if your solutions were accepted.

Our answer ranges over several considerations. First of all, as this referee acknowledges, previous government programs have greatly exacerbated the extent of the problem. Were these not in existence, as they would not be if our recommendation of *laissez faire* capitalism were implemented, these challenges would be far more tractable. These governmental interferences with the market are many and serious.

Perhaps foremost amongst them is our welfare system,<sup>54</sup> which has created dependency in those sectors of society that were already suffering from a lack of initiative. The workings of this program are truly insidious; they have been instrumental in wrecking the black family (Tucker 1984). By making young females a financial offer that could not be matched by the fathers of their children (Murray 1984), but insisting that no male live in the house, the state has in effect “married” these unfortunate women. But there is a wealth of empirical evidences attesting to the importance of a father in the household, particularly in terms of civilizing young males. Because welfare has in effect removed adult males from the home, generations of sons have been excluded from such training and leadership.<sup>55</sup>

But welfare, however onerous, is only the tip of the iceberg.

There is also the fact that addictive drugs are illegal. This has led to black markets in these substances, and the African-American community has been disproportionately devastated by drug gangs, shoot outs, incarcerations, and generalized mayhem as a result. The vast profits to be earned in this sector of the economy have promoted this destabilization. Legalize drugs, all drugs, and then with one fell swoop much of the disarray will disappear.<sup>56</sup>

The minimum wage law has also made it more difficult for unskilled workers to obtain jobs, and thereby improve their skills. Since black people are overrepresented amongst those with lower productivity levels, this law has been particularly harmful to that sector of the population. The unemployment rates of young black males has almost continuously approached those of the Depression era. Confined by law to lives of idleness, criminality and subsequent incarceration has been their fate.<sup>57</sup>

In addition to creating, supporting, and subsidizing a criminal underclass, the government also has been derelict on the other side of the equation: punishing criminals. Were the libertarian tenets of the free enterprise system to be implemented, punishment would be far more Draconian, resulting in far less crime.<sup>58</sup>

### **Conclusion**

The only hope for society and a civilized order is the freedom philosophy. The promotion of Austro-libertarianism is the dark horse candidate to protect future generations from horrors such as Katrina. This can and will be done two ways. One, directly, by allowing a private enterprise industry devoted to levee building, cloud seeding, and other such techniques to stop future storms dead in their tracks, and/or ameliorate their effects. Two, indirectly, by making us ever so much more wealthy, so that we will one day have the wherewithal to support such new technology, and better care for those few who still fall victim.

Are there any indications as to the way ahead for New Orleans that have emerged in the recent period of time, right before this article went to press? There are three that can easily be discerned. First, as of

the time of this writing, 8/23/06, the hurricane season in the Gulf of Mexico has been a rather mild one. This cannot but help the prospects of the Big Easy. Second, despite the horrendous record of FEMA, this institution is still in operation, with many of the individuals responsible for its sorry record still in positions of authority. Third, Spike Lee's film, *When the Levees Broke: A Requiem in Four Acts*, has once again focused attention on this sorry episode in our nation's history.

### Notes

1. The authors acknowledge a debt of gratitude to a referee of this journal who made very valuable suggestions to us concerning an earlier version of this article. Thanks to his efforts, this material is more tightly focused and much improved. The usual caveats of course apply.

2. See Murphy (2005a) in this regard. Other support for our position may be found here: Carden (2008); Young (2008); Stringham and Snow (2008); D'Amico (2008); Dirmeyer (2008).

3. <http://www.metro-new-orleans.com/new-orleans-home-prices.html>; accessed on 8/23/06

4. Lamancusa (2006).

5. Lora (2005); Boudreaux (2005); Anderson (2006).

6. Anderson (2000); Bovard (2000); Jacobs (1961).

7. Reed (1988).

8. Block (2003).

9. <http://www.google.ca/search?hl=en&q=New+Orleans+evacuees+crime&btnG=Google+Search&meta=>; accessed on 8/25/06

10. This article will puzzle some readers. It is neither of the right nor of the left, it is not liberal, nor yet conservative, but rather libertarian, which means, very roughly, support for the conservatives on free market economics, and for the liberals on much else, such as civil rights. As you will see, below, we now bring these thoughts into the article. For more on this see Rothbard (1973); Hoppe, Hans-Hermann. (1993, 2001); Block (1991).

11. Block (1993, 1996a); Block, Wingfield and Whitehead (2003); Cussen and Block (2000); Friedman (1992); Szasz (1985, 1992); Thornton (1991).

12. Vuk (2005), makes the case that New Orleans was foolish to grant to Harrah's a monopoly status.

13. Block (1991).

14. Anderson (1987); Anderson (1978); Brown (1987); Higgs (1995); LaBletta and Block (1999); Murray (1984); Olasky (1992); Rothbard (1998); Tucker (1984).

15. One quick end to "poverty" would be to declare it illegal and punishable by a stiff term in jail.

16. Bennett (1980); Bennett and DiLorenzo (1982, 1989: 197); Borcherding (1977); Butler (1985); De Alessi (1982); Hanke (1987a, 1987b, 2003); Monsen and Walters (1983); Poole (1976); Savas (1979, 1982).

17. This applies to the senior author of the present article.

18. This is being written in April 2006, almost a year after Katrina of August 2005.

19. Well, not so neatly in some cases, given the sheer enormity of the material awaiting pickup.

20. <http://privateschool.about.com/b/a/201640.htm>; accessed on 8/24/06.

21. For specifics on the advantages of private vis a vis public schools, see Rothbard (1972); Vuk (2006a); Young and Block (1999).

22. Economically speaking, Hong Kong was the freest country in the world, when it was independent. See on this, Gwartney (1996).

23. Whatever is not first raked off by Bush's favorite crony "capitalists." See text *supra* at fn. 9.

24. Thousands of them are stranded in the wilds of Arkansas for some reason inexplicable to everyone apart from FEMA bureaucrats.

25. According to our interpretation of the Constitution, states, but not cities, may legally secede from the United States. We can either invite the remainder of Louisiana to join us in this quest, or renounce the Constitution on the grounds that sovereignty should redound all the way down to the individual level, let alone to large agglomerations such as cities.

26. Of 23 candidates for mayor of New Orleans, only Peggy Wilson was sound on this issue. She not only mentioned, but emphasized, the deleterious effects of taxation, calling for a tax-free Big Easy.

27. Then, too, there is the "Mouse that Roared" (<http://www.imdb.com/title/tt0053084/>) scenario, wherein a small powerless jurisdiction nevertheless overcomes a much more ostensibly powerful one. Indeed, it is possible to argue that the "mouse," Hong Kong, has already overcome the strong giant, China, in that the political economic philosophy of the latter now resembles that of the former, and not the other way around.

28. Anarcho-capitalism differs philosophically from libertarianism in that the former is an extreme version of the latter. Both champion the nonaggression axiom, but only anarcho-capitalism applies this to government in all its manifestations.

29. Hazlitt (1979).

30. See Anderson and Hill (1979); Benson (1989, 1990); Cuzan (1979); Fielding (1978); Friedman (1989); Hoppe (1993, 2001, 2003); Hulsmann (1997); Leeson and Stringham (2005); Long (2004); Molinari (1977); Murphy (2002, 2005b); Rothbard (1973, 1978, 1982); Sechrest (1999); Sneed (1977); Spooner (1870); Stringham (1998–1999); Tannehills (1984); Tinsley (1998–1999); Woolridge (1970).

31. [http://news.yahoo.com/s/ap/20060414/ap\\_on\\_bi\\_ge/hurricanes\\_inc](http://news.yahoo.com/s/ap/20060414/ap_on_bi_ge/hurricanes_inc)

32. Ibid.

33. Cordato (1992).

34. In sharp contrast, the present politicians have not yet seen their way clear even to consolidate the numerous and superfluous levee boards. If and when they succeed in this, they will have only converted several planning boards into one centralized political authority, something even the Soviets were able to attain.

35. The Ninth Ward and Eastern New Orleans are the areas most heavily impacted by the flooding. Here there will be a great number of small land holders.

36. Coase (1960).

37. For the general case in favor of road privatization see Beito (1993); Beito and Beito (1998); Block (1996b); Block and Block (1996); Caplan (1996); Carnis (2001, 2003); Cadin and Block (1997); Cobin (1999); De Palma and Lindsey (2000); Foldvary (1994); Klein (1990); Klein, Majewski, and Baer (1993); Klein and Fielding (1992); Lemennicier (1996); Roth (1987); Semmens (1987).

38. The present authors wish to thank Yang Chenping (yang\_chenping@yahoo.com) for references used in this section of the article.

39. <http://www.wlbt.com/Global/story.asp?S=1628848>

40. <http://www.google.ca/search?hl=en&q=Project+Stormfury&meta=>

41. [http://news.xinhuanet.com/english/2003-07/07/content\\_958274.htm](http://news.xinhuanet.com/english/2003-07/07/content_958274.htm)

42. <http://www.newscientist.com/channel/earth/mg18624952.000>

43. <http://news.bbc.co.uk/2/hi/asia-pacific/3893671.stm>

44. [http://news.xinhuanet.com/english/2005-05/08/content\\_2927631.htm](http://news.xinhuanet.com/english/2005-05/08/content_2927631.htm)

45. <http://www.deccanherald.com/deccanherald/may102005/foreign172222200559.asp>

46. As well, the governments of Philippines (<http://www.mindanews.com/2005/04/27nws-cloudseed.html>), India (<http://timesofindia.indiatimes.com/articleshow/1152563.cms>), Thailand (<http://www.scidev.net/gateways/index.cfm?fuseaction=readitem&rgwid=3&item=Features&itemid=394&language=1>), New South Wales (<http://www.abc.net.au/news/newsitems/200506/s1385210.htm>; <http://www.abc.net.au/news/items/200506/1400509.htm?act>), and others (<http://news.google.com/news?hl=en&ned=us&ie=UTF-8&q=%22cloud+seeding%22&btnG=Search+News>), plus several U.S. states such as Utah (<http://water.utah.gov/cloudseeding/>), Nevada (<http://cloudseeding.dri.edu/>), Arizona ([http://www.tucsoncitizen.com/news/local/060805a1\\_water\\_future](http://www.tucsoncitizen.com/news/local/060805a1_water_future); <http://www.azstarnet.com/dailystar/dailystar/80689.php>), Texas (<http://www.license.state.tx.us/weather/weathermod.htm>), and Colorado (<http://www.azstarnet.com/dailystar/dailystar/80689.php>) have gotten into the act. They (<http://www.slate.com/id/2118533/>), too, are horning in on what should ideally be entirely a private initiative. Perhaps the worst aspect of this is that the U.S. government (<http://thomas.loc.gov/cgi-bin/query/z?c109:s517>) is now

contemplating getting back into this business. Weather socialism we can do without. (Happily, some such as Oklahoma ([http://www.owrb.state.ok.us/hazard/weather/wx\\_mod.php](http://www.owrb.state.ok.us/hazard/weather/wx_mod.php)) seem to have suspended their involvement). There is even a silver lining in the cloud of Moscow's celebration. Private individuals too, such as Paul McCartney, have entered the fray, kicking in "\$55,000 for three jets to spray the clouds above the city with dry ice. Some 50,000 people gathered in Palace Square for McCartney's concert, only his second performance in Russia. The former Soviet regime had banned Beatle music as a corrupting influence" ([http://specialevents.com/news/syndicate/McCartney\\_stops\\_rain\\_for\\_Russia\\_concert\\_20040623/](http://specialevents.com/news/syndicate/McCartney_stops_rain_for_Russia_concert_20040623/)).

47. <http://www.azstarnet.com/dailystar/dailystar/80689.php>

48. <http://www.dw-world.de/dw/article/0,1564,1582805,00.html>

49. <http://www.thetartan.org/2005/04/25/scitech/htw>

50. There is also the fact that when the public sector gets so big there is no longer any independent capital goods industry, economic irrationality becomes the order of the day. See fn. 1, *supra* on this.

51. <http://www.tpmcafe.com/story/2005/9/4/171811/1974>; <http://www.msnbc.msn.com/id/9654444/>, accessed 8/24/06.

52. See fn 16, *supra*.

53. [http://www.blackfive.net/main/2005/09/the\\_new\\_orleans.html](http://www.blackfive.net/main/2005/09/the_new_orleans.html); [http://www.amren.com/mtnews/archives/2005/09/video\\_on\\_police.php](http://www.amren.com/mtnews/archives/2005/09/video_on_police.php); <http://www.samizdata.net/blog/archives/007995.html>, accessed 8/25/06.

54. Anderson (1987); Anderson (1978); Brown (1987); Higgs (1995); LaBletta and Block (1999); Murray (1984); Olasky (1992); Rothbard (1998); Tucker (1984).

55. Sixty-three percent of youth suicides are from fatherless homes (Source: U.S. D.H.H.S., Bureau of the Census; 90 percent of all homeless and runaway children are from fatherless homes; 85 percent of all children who exhibit behavioral disorders come from fatherless homes (Source: Center for Disease Control); 80 percent of rapists motivated with displaced anger come from fatherless homes (Source: Criminal Justice & Behavior 14: 403–426, 1978); 71 percent of all high school dropouts come from fatherless homes (Source: National Principals Association Report on the State of High Schools); 75 percent of all adolescent patients in chemical abuse centers come from fatherless homes (Source: Rainbows for all Gods Children); 70 percent of juveniles in state-operated institutions come from fatherless homes (Source: U.S. Dept. of Justice, Special Report, Sept 1988); 85 percent of all youths sitting in prisons grew up in a fatherless home (Source: Fulton Co. Georgia jail populations, Texas Dept. of Corrections 1992). Source: <http://www.fathermag.com/news/1780-stats.shtml>

56. For research in support of these claims, see Block (1993, 1996); Block, Wingfield and Whitehead (2003); Cussen and Block (2000); Friedman (1992); Szasz (1985, 1992); Thornton (1991).

57. For the deleterious effect of minimum wage legislation on the poor, see Becker (1995); Block (2000, 2002); Block and Barnett (2002); Burkhauser, Couch, Wittenburg (1996); Deere, Murphy and Welch (1995); Gallaway and Adie (1995); Landsburg (2004); McCormick and Block (2000); Neumark and Wascher (1992); Rothbard (1988); Sohr and Block (1997); Sowell (1995); Williams (1982).

58. See on this: Kinsella (1996, 1997); Rothbard (1977); Whitehead and Block (2003).

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