

Title: The free market isn't the culprit

By Cyril Morong (Op-ed article, The San-Antonio Express News, page 7B, Sept. 17, 2005.)

Columnist Rick Casey tried to "prove" that free markets do not work well because of what took place in the aftermath of Hurricane Katrina ("Economic message in the winds of Katrina," Sept. 10). Not true.

His evidence? The "armed thugs taking advantage of a crisis." Yes, there were looters. But this was not the fault of the free market.

Government normally provides police services. So no private protection firms would have been doing so. It is unrealistic to think private firms or the free market would be able to step in overnight to do the job. It takes time and planning to start a business.

Even the staunchest advocates of free markets (such as Adam Smith and Nobel laureate Milton Friedman) acknowledge the government should provide for police. Casey seems unaware of this. No one has suggested privatizing all law enforcement in the United States.

But the free market or private sector actually helped after Katrina hit. According to the Wall Street Journal, "The private sector planning began before Katrina hit. Businesses offered near instant support to their own employee-victims." Companies were getting supplies and distribution networks ready to help ahead of time. They "began serving customers in record time" after the hurricane.

The Express-News reported, "Wal-Mart had 45 trucks full of goods loaded and ready for delivery before Katrina made landfall (at its distribution center in Brookhaven, Miss.)." Why were private companies able to respond so quickly? Because competition (the force of the free market that Casey ridicules) compels businesses to become fast and efficient. And, oh, yes, as of Sept. 8, corporate donations had exceeded \$200 million.

On the other side, some problems were caused by the public sector's (government) policies. Sharon Begley, the Wall Street Journal's science reporter, showed the government's water projects along the Mississippi River and the coast over the years (including levees) helped destroy natural barriers (islands and stands of tupelo and cypress) that would have lessened the damage from Katrina.

Also, the levees kept "the Big Muddy from depositing silt to replenish marshes and the river's delta." This lowered the level of the city, making flooding worse.

The government, according to an Express-News report, commandeered 10 buses hired by a hotel to take tourists out of the city, blocking a free market transaction, leaving even more people stranded. This newspaper also reported "red tape is keeping hundreds of doctors from caring for Hurricane Katrina survivors," and "doctors complained their offers of help were turned away."

Clearly, government could have planned better for the crisis. It was not just due to a lack of money, either. The Express-News reported money that could have been used to protect New Orleans was used for pork-barrel projects. One was a "\$231 million bridge to a small uninhabited Alaskan Island."

The danger here is that we will turn away from the free market after crises like hurricanes. Some are calling for price controls, which might seem like a good idea, to protect victims from price gouging. But after Hurricane Andrew, controls prevented portable generators from being sold to the highest bidders.* With no profit incentive, hardware store owners sold them to their friends. Grocery stores did not get them. Without power, they remained closed and victims could not buy food. Other businesses were similarly affected.

Why worry about having too much of a free market mentality? Government spending and the scope of government have expanded rapidly recently, leaving less control to the free market. Katrina reminds us that free markets do a lot of good and that government can be less than perfect.

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*It was actually hurricane Hugo that I should have mentioned although similar things happened with Andrew