



The Charitable Marketplace Works

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The outpouring of compassion and financial resources to assist the victims of Hurricane Katrina once again demonstrates that there is a vibrant and healthy marketplace for private charity that should supplant many governmental human services programs.

Markets work when supply is allowed to match demand. The response to the natural calamity along the Gulf Coast shows that the marketplace is working, even if governmental officials and bodies are not.

The demand created by the natural disaster has been met by a supply of uncompensated goods and services. Even if one were to take the cynical view that a major corporation, such as Wal-Mart, were merely operating in its own self-interests (i.e. reap the reward of good publicity and tax breaks for charitable giving), the fact remains that the immediate needs of the victims are being met. As the *Wall Street Journal* underscored, the Federal Emergency Management Agency (FEMA) could learn from Wal-Mart Stores:

“Wal-Mart frequently beat FEMA by days in getting trucks filled with emergency supplies to relief workers and citizens whose lives were upended by the storm...About 600 law enforcement officers [gathered] to start rescue operations but they had no supplies. They called Wal-Mart the day after the hurricane hit and two days later, they got two truckloads of flashlights, batteries, meals ready to eat, protective gear and ammunition.”

Southwest Airlines flew two relief missions, one to bring air marshals to secure the airport in New Orleans and brought residents to San Antonio who needed medical care. Southwest was not compelled by a government agency to make the flights but did so nonetheless, and the victims were the beneficiaries.

At an individual level, people lined up at Freescale offices to offer clothing and food; many more have volunteered time at various shelters across the state. Newspapers are filled with stories about volunteer efforts, including one on September 12, about the “impromptu” efforts of Austinites to provide aid and comfort to victims:

“What began as an effort to find housing for Hurricane Katrina evacuees has mushroomed into a sprawling, wide-ranging relief organization named Katrina Help Austin.

“Two hundred volunteers, on a rotating basis, have descended on the apartment on South Third Street off Oltorf Street and the surrounding area...

“San Jose Church next to the apartment has allowed the group to use a grassy field for the overflowing piles of shoes, diapers, clothes and toys...

“Folks at the Bicycle Sport Shop turned to Katrina Help Austin after they were unable to find a government or relief agency to take hundreds of donated bikes.”

These same stories have been repeated hundreds of times across Texas and America because people do not need a government agency to coordinate meaningful relief for the victims. They have done so efficiently and effectively without oversight by a bureaucrat at FEMA. A demand for food, clothing, and shelter has been met by a supply. That’s how markets work. In economic terms, this un-directed, un-managed response is called “spontaneous order.” It’s a classic concept unfolding in the aftermath of the storm.

What is fascinating about the success of the market response to the hurricane is how decisively it contrasts with the governmental response. The guidelines of the Southeast Louisiana Hurricane Evacuation and Sheltering Plan revised in January, 2000 and other published emergency plans underscored the need for transportation for thousands of New Orleans’ residents in the event of a Category 4 or 5 hurricane. Instead, school buses, for example, sat idle and were rendered useless by the flood. The Louisiana Evacuation Plan even noted that although the primary means of evacuation would be personal vehicles, school buses could be deployed to evacuate those without the means to leave.

Predictably, there will be exhausting investigations and hearings into what accounts for the government’s clumsy response to the emergency. But the answer is already known: there are some things government does well (build highways, provide for the national defense and maintain a system of justice) though there are many more things it does poorly at best (humanitarian aid and health care, for starters). Government has its core competencies but it needs to stop trying to do every task and meet every need.

The private response to this most recent calamity, much like the response to the attacks of 9-11 and on-going private support for organizations such as the American Cancer Society, should be a clear signal to political leaders that many human service needs – including children’s health insurance -- can be met without creating gargantuan programs. Just have confidence in people and let the market work.