

# THE FREE MARKET

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## Life Before FEMA

PETER C. EARLE

**F**or real life-headlines worthy of *The Onion*, one needs look no further than the doings of the U.S. government and its agencies. One week after Hurricane Sandy devastated the New York area, with a new storm on

the way and almost 10,000 Staten Islanders still without power and scavenging for food, “FEMA Center Closed Due to Bad Weather” hung on the door of a newly-opened Staten Island FEMA office. Ten FEMA offices in the disaster-stricken area actually closed as the second storm hit.

So much for “first responders.”

Skepticism of governmental rescue efforts springs from more than natural cynicism. For perfectly practical reasons, state authorities have rarely been first to respond to disasters, and often get in the way when they finally do. It stands to simple reason: major incidents typically occur with alarming suddenness, too quickly and messily for lumbering bureaucracies to gather information and organize an effective response. Only local individuals and small, flexible groups are suited for prompt, decisive reaction.

(Not surprisingly, this observation is identical to an argument against central economic planning: vast political

assemblages are simply unable to quickly process large volumes of information. When information must disseminate through myriad layers of decision makers elevated by influence rather than competence, the result is typically misuse—and in any case, never timely.)

The 240 million calls made to 911 emergency services in 2010 alone underscore the fiction that state agencies respond or act first. History shows that individuals—whether acting alone or through social, charitable, or business organizations—are the first to react to crises and to make a difference, only afterward calling for (and at times enduring) state aid. The following are a few examples.

### The Great Chicago Fire, 1871

During the early hours of the Great Chicago Fire in October 1871, firefighters were ineffective owing to having fought several serious fires the day before; thus many volunteers—home and business owners—made up the first line of defense between property and the racing flames. Order was initially kept by citizens, with the private Pinkerton Agency later taking over.

The military arrived two days after the fire started and immediately imposed martial law—against the wishes of both the local population and mayor.



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## Johnstown Flood, 1889

The South Fork Dam (Pennsylvania) burst in May of 1889, and within minutes quick thinking residents with long forgotten names like Daniel Peyton and John Parke had abandoned their homes and businesses, mounted horses, and raced along the path of the flood to warn residents in imminent danger. The manager of the Western Union office in Johnstown, a certain Mrs. Ogle, stayed at her post to relay warnings down the valley despite entreaties to leave. By the time she had advised the final station of the impending cataclysm, she added, “This is my last message,” and was shortly thereafter overtaken and killed by the massive flood.

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## Galveston Hurricane, 1900

In September 1900, a massive hurricane more devastating in terms of dollar-equivalent damage than 2005’s Katrina, struck Galveston, Texas. On the evening that the storm struck, even as the scope of the damage was unclear and destruction ongoing, survivors gathered at the privately-owned Tremont Hotel to organize immediate rescue and relief efforts. For several days they dealt with the calamity locally, single-handedly.

## San Francisco Earthquake, 1906

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hammering on doors to alert residents. All over San Francisco, thousands fought fires and dynamited precariously teetering structures when firemen were too few, too late, or too exhausted to continue. Banker Amadeo Giannini first safeguarded depositors’ funds in his house, and then set up a desk in the street—a plank across two barrels. From there, he continued to not only take deposits, but make handshake-secured loans throughout the exigency, many of which jump-started the rebuilding of the city.

Accounts documenting the behavior of military personnel in post-earthquake San Francisco are mostly forgotten but bear repeating. One officer directed troops to shoot three citizens stranded on a rooftop who couldn’t be rescued. Another San Franciscan recalled seeing a soldier murder a policeman during an argument over disposing of bodies, and a banker was shot and killed searching the ruins of a bank he owned. A number of citizens, in fact, were shot for alleged looting while searching the ruins of their own homes.

## Easter Tornado Outbreak, 1913

On Easter weekend, 1913, tornadoes wreaked havoc across major portions of the Great Plains and Midwest. In Omaha, Nebraska, the local, private telephone exchange served as the nerve center for the rescue efforts, with operators courageously staying at their posts before, throughout, and after tornadoes ripped through the town. Immediately after the destructive torrent subsided, hundreds of citizens gathered together, offering their homes, provisions, and money to care for the newly homeless, destitute and injured.

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Cash Register Co. and oversaw a boat building frenzy which saved numerous lives. And when troops arrived, their first act was to put the area under martial law.

Examples abound in the modern day as well. During the LA riots in 1992, after the terror attacks of September 11, 2001, and in countless other earthquakes, storms, floods, fires, blizzards, building collapses, mine cave-ins, crashes, and freak accidents of every variety, the most critical, earliest lifesaving and recovery efforts were administered not by tax-financed, uniformed agencies but by the people who were closest, whether they stood ready or not.

FEMA's failure to act during Hurricane Katrina was, in some quarters, blamed on "racism"; yet days after Sandy struck the NYC metropolitan area, no official aid had arrived in the predominantly middle class, Caucasian and Asian neighborhoods in devastated Queens neighborhoods: communities that endured not only severe flooding but the subsequent destruction of over 100 homes by fire. With a vast array of historical evidence before us, lethal maladroitness—the type which closely accompanies command authorities with a monopoly on force—provides a more judicious explanation than simple bigotry.

In the Rockaways, three or four days after the storm struck, only the police were scarcer than electrical power and gasoline, so citizens took upon themselves the defense of their homes and property. And before FEMA offices opened and the Red Cross arrived with cookies and coffee—well-intended, but hardly what was critically needed—people like Roy Niederhoffer, a New York hedge fund manager, hastily organized makeshift caravans of rented trucks and personal vehicles stuffed with aid and supplies: canned food, flashlights and batteries, donated clothes and over-the-counter medications to homeless, cold and hungry victims. Another New York firm, Ken-seal Construction, dropped off a truck-load of generators, flood lights, and cleaning supplies to a waterfront neighborhood in downtown Brooklyn.

And let's not forget smaller, unmistakably valuable private actors: black-market gasoline sellers, instrumental in keeping the price system working when natural or artificial measures (i.e., rationing) suppress it; store owners who offered deeply discounted or free products to the afflicted; individuals in Hoboken, N.J. who hung power strips out of windows to let passersby charge their phones and laptops; and the many people who invited neighbors

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AUSTRIAN ECONOMICS RESEARCH CONFERENCE (formerly Austrian Scholars Conference) Mises Institute, Auburn, Alabama

June 10–14, 2013

ROTHBARD GRADUATE SEMINAR Mises Institute, Auburn, Alabama

July 21–27, 2013

MISES UNIVERSITY Mises Institute, Auburn, Alabama

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by Peter C. Earle

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