

After New Orleans disaster: human misery and the profit principle

David Walsh
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The French novelist Balzac famously wrote, “Behind every great fortune there is a great crime,” and over the past century and a half and more, no one has proved him wrong. Indeed, events forcefully remind one of his phrase nearly every day in contemporary America. Nowhere else has the ruling elite so successfully reorganized public life according to the proposition that the accumulation of personal wealth, *at no matter what cost*, should be society’s guiding principle. The American population is currently paying a horrible price for this ‘success.’

The New Orleans disaster, in which shortsightedness, greed, incompetence and corruption have combined to bring about the deaths of thousands, is only a concentrated expression of what goes on every day in the US.

The plundering of the economy and the national treasury by the corporate elite proceeds at a furious pace. Tens of billions of dollars or more have been extracted by various means, legal and illegal: tax breaks for corporations and the wealthy; the destruction of social programs aimed at ameliorating the conditions of the working class and poor; the enactment of legislation that directly benefits big business (today often drawn up by their representatives); the hiving off of government agencies and services; the looting of businesses at the expense of workers and small shareholders.

The wealth of the fabulously rich has been accumulated at the expense of and to the detriment of society. The notion, propagated by American capitalism’s defenders and accepted by too many of its victims, that the fortunes of the super-rich are socially neutral, essentially ‘victimless,’ that ‘no one got hurt’ in the process of their creation, is a fiction.

The source of wealth is the working class. Profits are accumulated, in the first place, through its exploitation.

But in America today, where the boundary between capitalism and open gangsterism has been so eroded, fortunes are made in an especially parasitic and socially destructive fashion. And while the New Orleans disaster saddens and horrifies the vast majority of the population, America’s corporate freebooters are already hatching schemes to coin money out of it. Memories are sometimes too short, especially in the US. No one should forget that Enron energy traders chanted, “Burn, baby, burn,” as California writhed in agony.

New Orleans after the flood presents a new opportunity for pillaging. After all, one of the prime difficulties with America’s urban centers is that their cores are generally inhabited by the

poorest section of the population. From the point of the view of the banker, the real estate developer and the hotel-chain operator, these people are merely a drain on social services, a breeding ground of crime and disease, and, generally, an inconvenience.

New Orleans may be the site of a great social experiment. The inner city population, the portion of it that survived, has been moved out and the military patrols the streets. The fate of those who have departed, to Baton Rouge, Houston, San Antonio, Atlanta and farther-flung places, is not entirely settled, but one can be certain that the region’s political and financial interests have no intention of allowing them to return to such valuable real estate. Not when the opportunity to rebuild the city without their presence avails itself.

The discussions and planning, one can be certain, are already under way. Given what we know about the rich in America and their predilections, one can imagine what type of ‘new’ New Orleans they will have in mind: a Las Vegas on the Gulf Coast, “Creole-style” kitsch on a grand scale. Fakery for the benefit of tourism has no doubt already made great inroads in New Orleans, but the new possibilities ... a simulated Bourbon Street on Bourbon Street itself! Former residents will perhaps be allowed back in as maids and croupiers.

The *Wall Street Journal*’s editorial page, as is its wont, is leading the charge on this issue. Reminding George Bush and the Republicans in Congress that they must not “throw money at everything,” i.e., provide jobs and decent housing for the displaced hundreds of thousands, the *Journal*’s editors suggest that “An alternative would be to name the entire stricken area an enterprise zone for some period of time, which would offer both tax incentives and regulatory waivers to stimulate reinvestment.”

Such an operation would mean transforming New Orleans into a giant cheap-labor haven, thrown open to the most predatory and ruthless business elements. A suffering and virtually defenseless population would be at their mercy. “Regulatory waivers” would mean, in the first place, abrogating the Bacon-Davis Act, which requires companies with contracts for government-funded construction to pay prevailing union wages.

In the *Journal*’s scenario, no doubt tax credits would be offered to banks and other financial institutions that make loans and to venture capitalists who make investments. Essentially the federal government would guarantee that corporations made profits, while employing residents at low wages—and all at the public’s expense. Every penny would end up in the pockets of the capitalists, one

way or another.

And the result, physically and architecturally, would be the type of monstrosity referred to above. The *Journal's* editors show their hand when they add, "There's a danger here of tax breaks for floating casinos, but the greater risk is spending \$20 billion or more solely on the priorities of local politicians." We hold no brief for New Orleans' politicians, but the priorities the *Journal* obviously fears and loathes are such things as housing, social services, transportation and the like.

It's already clear that the catastrophe in Louisiana, Mississippi and Alabama—thousands dead, hundreds of thousands of lives ruined—is merely a cloud with a silver lining, and a fairly substantial silver lining at that, to some. They hardly bother to conceal the fact. This is America, this is 2005. Isn't everything organized for the wealthy, anyway? Why should they hide their pleasure over new opportunities to further enrich themselves?

Thus the *New York Times* carries a brazen article, "Houston Finds Business Boom After Katrina," in which members of that city's elite more or less boast of the good times to come, following the devastation in New Orleans. The article notes that "businesses here are already scrambling to profit in the hurricane's aftermath."

The oil services companies "racing to carry out repairs to damaged offshore platforms," for example, include Halliburton and Baker Hughes. The shares in those two companies went "soaring to 52-week highs last week." Halliburton is closely and notoriously identified with the Bush administration, Vice President Dick Cheney (who remained on vacation in Wyoming last week while New Orleans sank into the sea) having been its former chief executive officer.

Owners of Houston office space, according to the *Times*, are prospering too, as New Orleans companies "scramble to set up new headquarters in Houston, helping to shore up its sagging property market. With brio that might make an ambulance-chaser proud, one company, National Realty Investments, is offering special financing deals 'for hurricane survivors only,' with no down payments and discounted closing costs."

Shamelessly, the article continues, "All this, of course, is capitalism at work, moving quickly to get resources to where they are needed most." Rather, where they will *offer the greatest return*; where "they are needed most" is entirely beside the point.

The chief executive of Tetra Technologies, which repairs or decommissions old oilrigs, told the newspaper, "I always hate to talk about positives in a situation like this, but this is certainly a growth business over the next 6 to 12 months."

The senior managing director at CB Richard Ellis, Stephen D. DuPlantis, commented, "As tragic as it is for New Orleans, it is a boon for Houston."

Even for the insurance business, although the disaster will cost billions, there is a brighter side too, apparently. *USA Today* reports, "The silver lining is that large storms usually spur the purchases of policies and give insurers leverage to raise premium rates."

An article at *Forbes.com* is hopefully headlined, "Is New Orleans' Loss Detroit's Gain?" After acknowledging that images of trucks and automobiles "submerged by floodwaters" were unsettling, the piece continues, "But will the thousands of vehicles

that need replacing as a result of the storm create much-needed increases in sales and revenue for American automakers? People in devastated states, such as Louisiana, Mississippi and Alabama, will not only need to buy new cars and trucks, but the region's stock of used vehicles has also been wiped out.

"It would seem as though it were a windfall for Detroit." (By "Detroit," of course, *Forbes* does not have in mind the largely impoverished working class of that city, who resemble nothing so much as the stranded and ultimately exiled population of New Orleans, but the automobile industry moguls.)

Unhappily, the article notes that New Orleans is not a major metropolitan area and the impact on the auto industry will probably be slight. "Louisiana, Alabama and Mississippi are small economic powers, together representing 3 percent of the US gross domestic product. The potential benefit to the automotive industry of car dealers in those states would be comparatively small, and would only come after extensive reconstruction." If only such a disaster had hit a Chicago or a San Francisco ...

On a more optimistic note, *Forbes* points out, "But maybe, for fear of being perceived as greedy, the people making these kinds of reports are being conservative about how Detroit stands to benefit from Katrina."

After all, as the *Dallas Morning News* points out, "When disaster strikes, corporate America is among the first to offer aid to the victims and their families. ... But, at some point, business must get back to business: making money."

The terrible devastation left in the wake of Hurricane Katrina has brought to the fore certain harsh truths about contemporary America: the existence of an unbridgeable gap, literally a 'life-and-death gap' in this case, between the wealthy and everyone else; the accumulation of personal riches on a scale for which there is no precedent, with the average American CEO earning some 500 times more than an average worker; the incompatibility of this state of affairs and the prospects for a decent life for the overwhelming majority of the people; the everyday barbarism of American capitalism.

Life in this country cannot go on in the same shameful and painful pattern any longer. A complex society cannot be left in the hands of this reactionary, brutal, ignorant crew. A political discussion on the widest possible popular basis, in which the socialist alternative takes center stage, must begin.



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