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**DOING THE RIGHT THING:
The Private Sector Response to Hurricane Katrina as a Case
Study in the Bourgeois Virtues**

By Steven Horwitz

MERCATUS CENTER
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Doing the Right Things:
The Private Sector Response to Hurricane Katrina
as a Case Study in the Bourgeois Virtues

Steven Horwitz
Charles A. Dana Professor of Economics
Affiliated Senior Scholar – Mercatus Center
Department of Economics
Hepburn Hall
St. Lawrence University
Canton NY 13617
sghorwitz@stlawu.edu
(Tel) 315 229 5731
(Fax) 315 229 5819

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Both critics and defenders of the market economy are often quick to claim that market actors are not, or at least do not need to be, virtuous in the classical sense of the term. Critics use this claim as a strike against markets as they argue that markets both rely on and encourage narrowly self-interested behavior and do not reward much if anything of what has historically been understood as “the virtues.” Defenders of markets often argue that the very advantage of markets is that they need not rely on citizens being virtuous in order for markets to produce the efficiency and productivity that will benefit all. From Mandeville through to Stigler, Friedman, and even Gordon Gekko’s “greed is good,” the beauty of markets has been seen in the parsimony of the way they produce social benefits requiring “only” self-interest and good institutions. Economists and other defenders of markets need not concern themselves with questions of virtue, nor are markets or capitalism seen as producing or encouraging any sort of virtues.

In her book *The Bourgeois Virtues*, Deirdre McCloskey (2006) criticizes both of these virtue-free approaches to thinking about the market. She argues instead that markets both require and encourage a particular set of virtues that she refers to as the “bourgeois” virtues. She focuses specifically on the idea that capitalism involves more than the virtue of “Prudence,” which is her rendering of narrowly self-interested or profit-maximizing behavior. Her book offers a discussion of what she counts as the seven bourgeois virtues, of which the aforementioned Prudence is one. She argues that real market behavior *in fact* consists of more than just “Prudence only” and that capitalism encourages the development of these other virtues and their deployment in social and economic interactions. The result, she argues, is that capitalism is more human and humane than both its defenders and detractors believe it is.

McCloskey offers numerous effective anecdotes and a good deal of basic historical data to document the existence of the virtues other than Prudence in the practice of capitalism, but she does not offer any extended examples or case studies to illustrate her main themes.¹ This paper offers just such a case study in the response of private-sector actors to Hurricane Katrina in 2005 and 2006.

Supposedly self-interested and profit-seeking firms engaged in behavior that could only be understood in terms of putting their employees and communities ahead of their corporate self-interest. Major American companies from Marriott to McDonald's to Wal-Mart undertook major and minor acts of bourgeois virtue and contributed in a significant way to the recovery from Hurricane Katrina. Managers and senior leaders used the language of ethics and virtue, rather than that of narrow self-interest or profit maximization, in describing what they expected from employees, and employees used similar language to describe their own behavior. "Doing the right thing" was central to their response. What constituted "doing the right thing," how the very nature of large capitalist enterprises made doing "right" possible, and how doing "right" improved conditions after Katrina will all be explored below.

The bourgeois virtues

No brief summary can do justice to the texture and nuance of McCloskey's 500-page text. The focus in this section will be on those elements of her argument relevant to the events of Hurricane Katrina. One of her central themes, as noted earlier, is that the virtue of Prudence alone is not sufficient to explain, understand, or justify the market order. Prudence, for McCloskey (2006: 53), is roughly equivalent to the economist's notion of rational self-interest or economizing behavior, which is itself based on "practical wisdom" or "good judgment." It is,

¹ At least not in the first volume of what promises to be a six-volume treatise.

she insists, one of the virtues, and she devotes a number of pages to explaining why. The problem in her eyes is that both many of capitalism's defenders and most of its critics see capitalism as relying on "Prudence Only," which she believes is both incorrect descriptively and, were it true, unacceptable morally. Prudence is one of seven virtues that she sees being intimately connected with the market order, and all are both products of that order and necessary for it to function in an ethically acceptable manner. McCloskey argues that those who either defend or criticize capitalism for being only about Prudence have dramatically misunderstood how it really works.

McCloskey sees Prudence as one of the bourgeois virtues because the standard economic defense of the way in which self-interested behavior produces desirable, if unintended, consequences under well-functioning market institutions remains valid. She emphasizes that to understand Prudence as a virtue, one must take a perspective that focuses on the *consequences* of human choices and not just on their *intentions*. Calling an action virtuous must take into account the way in which the actor's intentions interact with the intentions of others to produce consequences that are often other than what the actor intends. This has been one piece of the standard argument for the market since the Scottish Enlightenment writers such as Smith and Mandeville. In McCloskey's eyes, the problem is that this piece of the argument got separated from the more complete analysis that was found in the best of the Scots, especially in Smith and *The Theory of Moral Sentiments* (1759) specifically.

Economics as a discipline took that piece and, in the intervening two centuries, has further separated and refined the case for a Prudence-only understanding of capitalism. In the hands of many, though not all, of capitalism's defenders, its great virtue is that it requires so little virtue to function efficiently. The focus becomes exclusively on how Prudence can generate

growth and efficiency, with little attention paid to any of the other virtues. In many cases, the emphasis on Prudence is so exclusive that capitalism's defenders even seem to ignore the importance of the institutional structure for ensuring that Prudence produces desirable unintended consequences. McCloskey's complaint is that the "game" of economics continues to be to find ways to explain behavior that she sees as motivated by other virtues in terms of how it "really" comes down only to some form of Prudence or self-interest. She points to several examples from the economics of the family and evolutionary-psychological explanations of friendship as examples of what we might call this problematic "Prudence-Only Reductionism." To be clear, McCloskey does not deny that Prudence is a virtue; her criticism is that it is seen as the *only* one. Trying to explain actions that we would colloquially, and rightly, refer to as "acts of love" in terms of self-interest is the exercise that she is objecting to. Why not instead, she argues, recognize and accept that these other virtues are not only part of the capitalist order but central to its functioning? Moreover, why not ask whether the development of capitalism has itself made it possible for those other virtues to thrive?

McCloskey argues that there are a total of seven bourgeois virtues: Love, Faith, Hope, Courage, Temperance, Prudence, and Justice. Because the target of her argument is Prudence-Only, she (407ff) finds it convenient, after exploring each of the other six virtues, to group them together under the broad label of "Solidarity," which she then contrasts with "Prudence." She argues that most behavior in the capitalist world can be understood as some combination of concerns with Prudence and Solidarity, with the "weights" attached to each varying by action and individual. She (411) notes that even the work that people do in a market economy almost always also involves some transcendent goal beyond bringing home a paycheck: "It can also be devotion to workmanship, duty, calling—being an apartment manager who provides the tenants

with a decent place to live or a dentist who fends off gum disease in her patients. Or providing goods for poor people, in Wal-Mart.” Grouped in those “solidarity variables” are other “S” words such as “sympathy, service, sentiment, and stewardship” among others. All of these are words that fall out of the non-Prudence virtues. Several of these solidarity variables played roles in the aftermath of Katrina and are worth some additional attention.

McCloskey’s discussion of the role of Love is particularly relevant. She argues that much of what we do for others cannot be reduced to mere long-run or complex acts of self-interest. Recent evidence from experimental economics seems to confirm that individuals are guided by more than just narrow self-interest and have internalized norms of fairness that affect the choices they make in games and other bargaining situations. Even in the fairly anonymous world of the marketplace, or simulations of it, we are not just pure utility or profit maximizers. As McCloskey points out, not all of our social interactions are structured as anonymous interactions such as those of the market. We simultaneously exist in more intimate worlds where we know other actors very well, as in, for example, the family or many business firms. In these latter worlds, we know that people act on motivations other than pure self-interest, or at least that they claim to. Our willingness to sacrifice for our family members is more than just an attempt to ensure the survival of our genes (although that might well explain some baseline level of pre-disposition). We act altruistically because we genuinely care for and love our spouses/partners and our children/parents. This is Love, not Prudence.

Love frequently involves committing ourselves to actions or to people in ways that clearly do not advance our utility or our profits in any meaningful way. McCloskey argues that we make these commitments not because we calculate advantage from them (although that might happen), but because we genuinely see them as the “right things to do” in that situation, and

because we think we will be better people for having done them. We desire meaning in our lives and we “do not make an exception for capitalism” (134). Both consumers and producers commit themselves to doing the right thing and maintain those commitments even in situations where a one-time cheat would pay off and likely go unnoticed. Certainly, when the eyes of others are upon us, we worry about our esteem and that too provides reason to continue to do the right thing.² This is also why Love is one of the key elements of the solidarity variables. Love demands that we treat others, even others we do not know personally, as ends in themselves, rather than as means to our own.

Before turning to examples of such behavior in the context of Hurricane Katrina, it is worth looking at one other example of the way in which capitalism has encouraged the flowering of the bourgeois virtues. Capitalism in many ways made possible the enormous role that Love and the related virtues play in familial relationships. By offering the means of earning income outside of the household, the development of capitalism slowly eliminated the family’s role as an institution of market production and thereby removed it from the realm of narrow economic calculation and “Prudence-Only,” or at least “Prudence-Mostly.” In the pre-capitalist era, the family was structured much like firms are today, which was understandable given that most market production was family based. The result was that men, who occupied the top of the familial hierarchy, were in the same relationship to their wives and children as the boss is to employees. The rest of the family were assets just like the farm equipment and cattle. Capitalism caused the demise of family-based market production and, though higher incomes, provided the means to treat family members (and especially wives) as ends in themselves. The family, thanks to capitalism, became the focal point of the altruism of the intimate associations. The improved economic and legal status of women and children, the gradual equalization of the

² This, of course, is Adam Smith’s impartial spectator.

marital relationship, and the ascendance of Love as the basis for marriage and the parent-child relationship all reflect the ways in which capitalism made possible and “nourished” other virtues. In making this transition possible, capitalism thereby humanized the family and made possible the much more frequent exercise of non-Prudence virtues in that institution. Below I argue that elements of capitalism made possible the virtuous response of the private sector during Hurricane Katrina.

Ethical language in the corporate response

Before we explore what firms did in any detail, a short discussion of the language that corporate leaders used to talk about how their firms and employees should respond to the hurricane is in order.

The world private actors were faced with after August 29, 2005 was a horrific one. Hurricane Katrina made landfall in southeast Louisiana and southwest Mississippi and subjected much of the Gulf Coast to a long period of hurricane force winds, causing significant damage. In addition, storm surges were estimated at anywhere from 15 to 20 to 25 feet. The result of the surge was major flooding all over the Gulf Coast. In the New Orleans area, there was major wind damage, but the bigger problem was that the storm surge led to multiple failures in the city’s levees, leaving approximately 80 percent of the city under water, with some areas taking on as much as 8 or 10 or even 20 feet of water. The damage left numerous buildings uninhabitable and destroyed supplies and machinery, as well as forcing from their homes those who did not evacuate and causing the death of almost 2,000 people across the entire Gulf Coast. The flooding also closed roads all over the Gulf Coast, making it challenging to get people out or supplies into the affected areas. Relief centers, especially the Superdome and Convention Center

in New Orleans, were characterized by limited supplies and very uncomfortable physical conditions.

A growing number of major corporations have their own divisions responsible for disaster response or maintaining “business continuity” in the face of a variety of crisis situations. A number of firms were prepared for the hurricane landfall days in advance and began to move supplies into position. They also recognized that if conditions were as bad as many forecasts were suggesting, they would be facing novel situations of damaged buildings, missing, and perhaps injured or dead, employees, and difficulties in communication. For large firms with multiple stores such as Wal-Mart or McDonalds, this meant having to give direction to their senior managers and other employees about how they should handle themselves in the face of the unexpected. If the Prudence-only version of capitalism were correct, we would expect that those directions would be for managers and employees to do all they can to maintain profit-maximizing activity. However, this was not the case. Senior leadership spoke and set policies in terms that recognized the other virtues, along with Prudence.

One of the clearest examples of this “ethics speak” was in the way in which large firms dealt with the issue of price increases or “price gouging.” The big-box stores were particularly interesting in this regard. Wal-Mart and Home Depot, for example, had golden opportunities to ratchet up prices as they were often the first places to reopen and have significant supplies after the storm passed and flooding subsided. However, they chose not to raise prices. No doubt this decision was not done with an absence of Prudence, but it also recognized that the firms had some obligations to their customers. As a Home Depot executive put it, “If we can be there when a customer needs us most, we can win that customer for life” (Ward 2005, p. 18). Maintaining customer loyalty and “being there when needed,” understood in this case to not take

advantage of an opportunity presented by short-run self-interest, were explicit reasons for choosing not to act with Prudence-Only. Wal-Mart executives noted that the company's financial well-being is intimately connected with the fact that it "will have a community to go back to in the end." In 2004, Wal-Mart established a corporate policy of instituting region-wide price freezes when hurricanes approach so as to avoid any accusations of price-gouging that might damage them in the eyes of the community. They could certainly profit from raising prices after a storm, but they care enough about how they are perceived by others in the community to avoid risking their reputation. Some degree of commitment to their customers and the broader community counter-balanced the gains from acting on Prudence-Only.

McDonald's leadership responded to the crisis with similar language of doing whatever it took to do right by its employees and communities. The then-President of McDonald's Central Division, Janice Fields, said of their efforts to locate and assist approximately 4,000 missing workers weeks after the storm hit, "There is no place that I will draw a line in the sand. We will be going through some of this for one year, two years and even five years" (Schmeltzer 2005). McDonald's executives said they were spending "millions" in the effort and admitted they had no idea what the total would be. The office in charge of their response to Katrina did not even have a budget. It was simply told to do whatever it took to get stores up and running and employees' needs taken care of; office's directive was "people first." Concerns about cost and the diversion of employee time were thrown out the window in the face of the need to do the right thing to help their employees. Prudence became secondary in the face of doing the right thing for those with whom the company had a human connection.

Wal-Mart's reputation not one that would suggest that ethics and virtue were at the top of their priority list. However, then-CEO Lee Scott's directive to all of Wal-Mart's senior vice-

presidents is perhaps the most clear statement of the insufficiency of Prudence-Only. In a meeting with those executives, he asked them to pass the following message down to their reports and get the word out to managers and associates across the country: “A lot of you are going to have to make decisions above your level. Make the best decision that you can with the information that’s available to you at the time, and, above all, do the right thing” (Rosegrant 2007, p. 5). Of course this directive leaves open the question of what Scott considered the “right things” to do, but it became clear in the way the corporation praised various responses of individual managers and associates during the storm (to be discussed below) that he, like the leaders at McDonald’s, was concerned that people and communities be taken care of before anyone worried about profits. Like McDonald’s, Wal-Mart spent millions in doing the right things in response to Katrina (leaving aside their considerable charitable donations), and like McDonald’s, it did not seem to care that much what the total cost was, and admits even now that it could not figure that cost even if it cared to.

It is worth noting that the examples above are both large, multinational corporations. This should not be interpreted to mean that smaller firms did not engage in virtuous behavior during Katrina and its aftermath. To the contrary, there were numerous acts of beneficence by smaller firms. However, there are two reasons to focus on larger firms. First, critics of capitalism are usually quickest to jump on these sorts of firms for behaving as if all were a matter of Prudence-Only. If firms considered to be the most rapacious in the market made use of the other bourgeois virtues, then the case that capitalism involves more than just Prudence is that much stronger. Second, the scale of the good done by larger firms was, not surprisingly, much larger. Here again, one of the elements of capitalism that is frequently a target of critics, i.e., the large size of firms, is actually an advantage as only firms with the scale of operations and

experience in moving resources across the country that characterize Wal-Mart and McDonald's could have done some of the good that they did. The fact that capitalism produces larger firms like these is what enables them to do a great deal of good when they engage the non-Prudence virtues.

Immediate responses for the community

We can categorize the particular actions that private sector actors took into three distinct categories. First are the things that firms did for the affected communities in the immediate aftermath. These include all the things done "corporately" plus things done by individuals acting in their roles as employees of the firms in question. The second category consists of things that firms did for their own employees. Firms also engaged in a significant degree of charitable giving, which constitutes the third category. The final category is what might best be called "individual acts of virtue." The events surrounding Katrina produced amazing examples of virtuous behavior among strangers that also can be understood through the lens of the bourgeois virtues.

Wal-Mart's corporate response deserves particular focus as it was the quickest and most widespread.³ While other big-box retailers such as Home Depot and Lowe's also responded in similar ways, Wal-Mart's response was larger and, according to local reports, the most effective. Wal-Mart was widely praised for their response, arriving in the New Orleans area with much-needed supplies of water and other basic necessities. In suburban Jefferson Parish, both President Aaron Broussard and Sheriff Harry Lee lauded Wal-Mart's work. Several days after the storm, Broussard was on *Meet the Press*, where he thanked Wal-Mart and quoted Lee as saying, "if [the] American government would have responded like Wal-Mart has responded, we

³ The discussion below borrows heavily from Horwitz (2009).

wouldn't be in this crisis.”⁴ Phillip Capitano, mayor of another New Orleans suburb said, “The only lifeline in Kenner was the Wal-Mart stores. We didn't have looting on a mass scale because Wal-Mart showed up with food and water so our people could survive.” They were among many politicians and community members in the New Orleans area and cities along the rest of the Gulf Coast who praised Wal-Mart's quick and effective response to the storm (Leonard 2005).

In the three weeks following Katrina's landfall, Wal-Mart shipped almost 2,500 truckloads of merchandise to the affected areas.⁵ Home Depot provided more than 800 truckloads worth of supplies to the Gulf Coast and also moved 1,000 of its employees from other areas into the region (Bond 2005). Wal-Mart engaged in a tremendous effort to reopen its closed and damaged stores. At the peak of the storm, 126 stores and two distribution centers were closed, of which “more than half ended up losing power, some were flooded, and 89 . . . reported damage” (Zimmerman and Bauerlein 2005, p. B1). Within 10 days, all but 15 of its stores were open and the remaining stores were ones that had been damaged so severely that they were likely a total loss. The store also allowed the public to use its Photo Center Web site to post pictures of missing friends and relatives with messages about how to contact them.

The company certainly profited from being able to reopen stores quickly, but its Prudence was virtuous as it was often the only place that residents could find a variety of supplies. Beyond the virtues of such prudence, Wal-Mart also gave away a large amount of free merchandise, including prescription drugs, all across the Gulf Coast. The company sent truckloads of free items to New Orleans evacuees in Houston. Both Wal-Mart and McDonald's made charitable contributions to Katrina relief. McDonald's converted all of their Ronald McDonald House Charity canisters to Katrina relief and then matched those donations up to \$2

⁴ Meet the Press, September 4, 2005, transcript available online at <http://www.msnbc.com/id/9179790>.

⁵ http://www.walmartfacts.com/FactSheets/8302006_Katrina_Relief.pdf

million. Wal-Mart started with an original commitment of \$17 million and eventually donated around \$32 million to various Katrina relief efforts.

Wal-Mart's virtuous response was not limited to its corporate actions. Individual store managers and associates engaged in a variety of actions that illustrate the bourgeois virtues.⁶ In several cases, store managers allowed either emergency personnel or local residents to take store supplies as needed, without worrying about charging them for it. In Kenner, Louisiana, a Wal-Mart associate used a forklift to knock open a warehouse door to get water that was then delivered to a local retirement home. In Marrero, Louisiana, associates turned the store into a headquarters and sleeping area for local police, many of whom had lost their homes in the storm. None of these associates felt the need to get pre-approval from supervisors to take these actions, and supervisors, as well as Wal-Mart's upper management, later praised them for having made good decisions and done the right thing.

The Wal-Mart in Waveland, Mississippi was among the most severely damaged by the wind and flooding. The store's assistant manager Jessica Lewis decided to run a bulldozer through the ruins of the store to scoop up basics that were not water-damaged even though she had not cleared this with her supervisors. She pushed the goods into a pile in the store's parking lot and gave them away to very appreciative community members. Lewis also broke into the store's locked pharmacy to supply critical drugs to a local hospital. Wal-Mart's upper-management praised both of her actions as good examples of employees acting autonomously and doing the right things that the company expected of them in this sort of situation (Rosegrant 2007, pp. 9-10).

⁶ A key part of what enabled Wal-Mart to do so many right things in their response is the great degree of discretion that the company gives to district and store managers. Despite the perception many have of Wal-Mart as "top-heavy" and authoritarian, in fact, store managers have sufficient authority to make decisions based on local information and immediate needs.

McDonald's also responded effectively and virtuously in the weeks following the storm. Over 500 of their restaurants were affected, and 80 percent of them were up and running one week after landfall.⁷ A franchise operation like McDonald's has a larger challenge in organizing a corporate response than does a firm like Wal-Mart. Nonetheless, the parent company worked closely with its franchisee-owners to try to ensure that they were following guidelines for response modeled by how the corporate-owned stores were behaving. Like Wal-Mart, though, McDonald's was aware of the impending storm and had trucks prepared to leave its distribution centers to provide supplies just after the storm passed. Many local residents reported great relief at the return to normalcy reflected in the reopening of a neighborhood McDonald's. The company also provided free food to first responders. They set up mobile centers in the worst-hit areas where they were cooking basics for police, firemen, EMTs, and other community responders.

A final corporate response worth mentioning is the Tide Detergent "Loads of Hope" program sponsored by Proctor & Gamble. The company has used trucks and vans to create mobile laundromats that they bring to disaster sites in order to provide free clothes washing and drying for residents. This program is ongoing, but was conceived as part of the company's response to Hurricane Katrina. The company has done over 30,000 loads of free laundry, including approximately 16,000 in the New Orleans area in six different visits that they have made since the fall of 2005.⁸ Like the other corporate responses, explaining "Loads of Hope" solely in terms of some long-run profit maximization strategy seems inconsistent with the amount of time and resources firms invest in this behavior, especially when combined with a

⁷ The information on McDonald's activities, unless otherwise indicated, comes from an interview with John Owen, who was US Vice-President for Restaurant Execution at the time, and was in charge of the company's Katrina response.

⁸ <http://www.tide.com/en-US/loads-of-hope/about.jsp>

fairly consistent corporate message of the need to do the right things. Certainly, the responses of local residents to all of these initiatives have been appreciation rather than a cynical rejection.

Reaching out to employees

One of the most persistent ethical criticisms of the market economy is that the inequality of power in the capital-labor relationship allows firms to treat employees as mere means rather than ends in themselves. It is in that relationship that firms are often accused by critics of behaving with regard to Prudence-Only and not seeing their actions toward employees in ethical terms. On first glance, a natural disaster might seem to be a prime opportunity for exploitative owners to exercise their power even more dramatically than usual. However, the evidence in the aftermath of Hurricane Katrina suggests just the opposite: Firms operating along the Gulf Coast, especially ones with a national presence, were extraordinarily accommodating and generous to their employees. Firms made clear commitments to their employees that the latter's well-being would be a top priority in their response to the disaster and they followed up those promises with specific actions even where those actions clearly were costly to the firms' bottom lines. Faced with a significant loss of revenues as stores were damaged to various degrees, it would have been easy for firms to sacrifice the other virtues on the altar of Prudence by doing little to nothing for their employees (perhaps even laying off many) but many firms chose to demonstrate the virtues of Love and Justice.

A large number of firms promised displaced employees that they could find work at any of the company's other stores nationwide. This list included major firms such as Wal-Mart, McDonald's, and Home Depot, but also smaller ones such as the Canadian firm Couche-Tard, which runs the Circle K convenience stores in the United States (Cavicchio 2005). Goodwill

Industries also offered to hire displaced employees at other offices nationwide. Even firms that did not promise job continuation made alternative offers to help employees who had nowhere else to go. Marriott hotels in Houston became home to many Marriott employees displaced from the storm, with evacuees describing their experience of identifying themselves as Marriott employees at hotels and immediately being welcome with a room and fresh clothing.⁹

Boyd Gaming, which runs a casino in Kenner, Louisiana, offered free rooms at another property in Tunica, Mississippi to employees who had no other option for temporary post-storm housing. They also offered low-cost meals to those employees and their immediate families (Cavicchio 2005). McDonald's hired an outside firm to find temporary housing for its Gulf Coast employees. The firm found housing in a recreational vehicle park, some condos, and four hotels and McDonald's paid for the employees' rent in these locations (Schmeltzer 2005). In addition, a large number of smaller firms in the New Orleans and surrounding areas relocated employees to offices or stores that were less damaged or reopened more quickly. Offering dislocated employees work elsewhere might well have had negative effects on the locations outside the Gulf Coast, but leaders at these firms saw this promise as an ethical imperative toward their employees.

Many of these same firms continued to pay their workers in the weeks and months after the storm and also offered various other kinds of benefits. In the New Orleans area, the universities largely continued to pay their employees even while students were unable to return or facilities were damaged. In the private sector, larger firms also continued to pay workers for some stretch of time after the storm, with many providing several thousand dollars in relocation funds to displaced workers. McDonald's paid workers in company-owned stores for two weeks after the storm. The company also had its health insurance carrier waive co-pays and deductibles

⁹ Mercatus interview with Dorothy Green.

for employees and set up a low-interest loan program for employees who needed financial assistance (Schmeltzer 2005). Franchisees could determine their own policies, but a good number followed the corporate lead.¹⁰ In addition to the offers of rehiring elsewhere in the country, Wal-Mart offered their employees a small one-time cash payment as relief, with additional small amounts if the associate's home was damaged. Marriott gave employees a \$5,000 disbursement and continued to pay them for a number of months after the storm.¹¹

A good number of larger employers have various Employee Assistance Programs that they use to help workers going through temporary crises in more normal times. During Katrina, the various ways in which firms offered additional services to their employees expanded significantly. Wal-Mart normally has a call center for employee-related emergencies and other concerns. They expanded that center to 80 people and fielded 43,000 calls from employees and customers in the four weeks following the storm, many of which involved connecting employees with resources (Rojas 2006). McDonald's assembled a phone bank at their headquarters to "take calls from workers, connect them with those searching for them and to help them get their paychecks, housing, and even food" (Schmeltzer 2005). The phone bank, along with other employees working along the Gulf Coast, got in touch with 4,000 workers in the three weeks following the storm. They also staffed that center 24 hours a day, 7 days a week, which had never been done before. They made use of text messaging, also never done before, as it was sometimes the only reliable means of communication. McDonald's also ramped up their Employee Assistance Program with new publicity and then directed the funds to the Gulf Coast. Finally, they also negotiated a deal with Wal-Mart to allow employees to cash paychecks there,

¹⁰ The national company also provided death benefits for the families of any employees who died during the storm, regardless of whether the particular store was company-owned or not.

¹¹ Mercatus interview with Dorothy Green

and then began to pay workers with pre-loaded debit cards to make it easier for employees to have access to cash with financial institutions still in shaky shape.

Individual acts of virtue

Beyond what private-sector firms did, there were thousands of acts of virtue by individuals over the course of the storm and its aftermath. Most of these acts were done anonymously and were never recorded in ways that can be retrieved after the fact. Trying to catalogue even the ones we have record of would be a project in itself. In this section, I will briefly tell three stories that exemplify how individuals acted in ways that reflected a commitment to non-Prudence virtues. All three involve people who at some cost to themselves did the right thing for someone else. Two of the three involve individuals who found themselves in these situations because of their involvement with commerce.

Jeanine Pellegrini and her family left New Orleans ahead of the storm and had even booked a hotel room in Baton Rouge for three nights, the Saturday and Sunday before the storm and the Monday of the storm.¹² As the full effects of the storm became clear, they tried to extend their reservation beyond Monday, but the hotel had already filled up for the later nights. She, along with eight other family members and their two dogs, had nowhere to go that Monday night and as they sat in a McDonald's having coffee and trying to figure out what to do, her parents happened to strike up a conversation with a young woman in line. The woman heard their plight and Jeanine tells what happened next:

She said, "I'm a Christian lady. I have a huge house, two children, a husband that works offshore. He works two weeks and comes home a week. I have a huge house with just two children. They're in high school. I come here every day of the week to go to nursing school, and you're more than welcome to come stay with me." And my mom said, you know, thank you, but it's not just me and my husband. We have nine of us and two dogs.

¹² Mercatus interview with Jeanine Pellegrini.

She said, “I don’t care how many you have.” She said, “If you—the invitation is there. I don’t care how many you have. I don’t care how many dogs you have. I have two dogs myself. If you don’t mind my two dogs . . .” My mom gave—exchanged phone numbers, the whole bit. Came back and said you’re not gonna believe this. We were just offered a place to stay.

The family agreed to stay with this total stranger and then found out that the country town was full of a number of Katrina evacuees who were being helped. In addition, they were able to bring other family members to the town:

People just—neighbors were there welcoming us. They brought us to get clothes. They brought us to get shoes. So open arms. And then it turned out to where my husband—you realize that—I told you we have a small family so it was just awesome. We were there. My brother was in South Carolina. My brother—with his wife’s folks, too. My husband’s main objective was to get his family together. His mother there, his father there, and his other sister and his other brother there. So about three days later—I think they had evacuated to Jackson. Not his brother, but his other sister and his mother and father evacuated to Jackson. So within three days they came to Napoleonville and others put them up. So we had, like, five different families that put up our whole family. It was unbelievable.

The residents of Napoleonville provided the evacuees with food and clothing for several weeks. Jeanine reports that for that whole time, her family barely spent any of their own money. Unlike the acts of corporate virtue above, it is difficult to even construct a Prudence-only explanation for this behavior. In as much as critics often say that market economies promote and reward prudence and slowly dull the other virtues, this story, which is representative of many that happened during Katrina, would suggest otherwise.

Other acts of bourgeois virtue came from employees who acted above and beyond their commercial role to help out other individuals. Dorothy Green was evacuated to Houston from New Orleans. After a long bus ride, during which the driver of the bus used his own credit card to buy \$2,000 worth of snacks for the whole bus, many of whom had not had much to eat or drink in several days, she ended up at the Astrodome. As an employee of Marriott, she figured she would find a Marriott hotel in Houston and see if they had a room for her and any of her 33

family members. As she began to leave the parking lot and try to walk downtown, a stranger stopped her and advised her against trying to walk it. He gave her \$10 for bus fare and told her which stop to take. That one little act of virtue turned into a much larger one when she got to the Marriott:

The man went to hollering, “We got one! We got one!” And all the employees come running out, and I’m like you got one of what? And he was getting ready to hug me, and I said, “Please don’t hug me, I haven’t had a bath in three days. I said I stink.” “We don’t care. We don’t care. We don’t care. How many of y’all here?” I said, “I got 33 family members with me.” When we got there, they gave me two rooms; 33 people in two rooms. [S]he asked me for everybody’s age, size and name, and I gave it to her. When we got back there, they had clothes for all of us.

The family ended up staying there for six months, with the company buying them additional clothing and meals for much of that time. Though the latter part of this story is an example of the corporate virtue we saw in a previous section, this particular act would not have been possible without two individual acts of virtue along the way.

Finally, several McDonald’s employees used their own resources to help out fellow employees. Tim Cox was one of many McDonald’s human resources employees staffing their 24-hour help line. In one case, he went through his own closet to find clothing to ship to a 16 year-old restaurant worker in New Orleans who has lost his life’s possessions in the flooding. In another case, a franchise owner in the Gulf area provided five bags of groceries, diapers, and \$50 for gas for a displaced young employee from another city and her four-week-old baby (Schmeltzer 2005).

These acts of employee-to-employee virtue are particularly interesting because they suggest that the relationships among employees are also not predicated on Prudence Only but some sense of solidarity that comes from their common endeavor within the firm. McCloskey (137–8) argues that even the hated capitalist workplace has become a site that is more of a mix of

Prudence and Love: “As capitalism enriches its workers, and as its worker-consumers require to be treated like free citizens, the workplace becomes a home place. . . . employees go to work expecting to be treated like human beings, expecting to be even a little loved. . . . Markets and even the much-maligned corporations encourage friendships. . . . Modern capitalist life is love-saturated.” Many large corporations, with Wal-Mart being one notable example, take active steps to cultivate this atmosphere of solidarity among their employees. That has obvious payoffs from a Prudence Only perspective, but also creates an environment in which other of the bourgeois virtues can be integrated into the workplace, including among strangers in a time of crisis.

The private sector and the rebuilding of community

Most of the virtuous acts chronicled above took place in the immediate aftermath of the storm. The private sector also played an important role in the long run rebuilding of communities in storm-damaged areas. The narrowly economic relevance of the private sector in restoring communities is fairly obvious and was well-recognized by the areas affected by the storm. They needed the private sector to return for two important reasons. First, they needed access to the resources they provided. Having a Wal-Mart or McDonald’s reopen meant that homes could be cleaned and repaired and meals could be purchased. Second, larger stores, such as Wal-Mart, have important tax revenue implications for local governments, many of which were faced with enormous costs in the aftermath of the storm. Having a Wal-Mart rebuild and reopen meant that those governments could increase the level of services they were providing. These ways in which the private sector contributes to rebuilding community after a disaster are well recognized.

However, the restoration of the private sector has important community-building effects that are not as narrowly economic in nature. Markets in commercial societies are much more than the sterile interplay of atomistic maximizers that constitutes the models of mainstream economics. In the flesh-and-blood world of the real marketplace, people come together in a variety of ways and for a variety of purposes. Much thinking about the liberal order has focused on the *polity* as the site of this sort of coming together, but the *agora* is also full of sites in which social interaction is central. The common desires for goods and services that characterize modern commercial societies mean that people's paths cross in the world of the agora with great frequency. Moreover, the fact that buying and selling is part of our everyday routine, whereas political action, even construed broadly, is much more the exception, means that the marketplace is far more likely to be a site of social intercourse and interaction than are the institutions of the polity. This is particularly true in smaller towns or in larger cities with clearly defined neighborhoods where crossing paths with friends or co-workers at the grocery store or the bank or the gas station is not at all unusual.

The socializing role of the commercial world was especially important in the weeks and months after Katrina. Contrary to the often portrayed image of the market as atomizing, Gulf Coast residents almost uniformly reported that their trips to local stores and the gradual reopening of businesses in their towns were key events in re-establishing ties to other community members. The storm fractured a variety of social networks that residents relied on for information about the community. It also destroyed the communications technology that enabled many extended social networks to function as power, cable, and Internet services were out for weeks, if not months. It isolated family members from each other geographically and socially. As neighborhoods and towns started to see residents return, early movers often found themselves

as the only people repopulating a street or neighborhood, limiting their opportunities to find out what was going on in the broader community. If this isolation is added to the circumstances in which people needed to make connections to physical and human resources to help them clean or reconstruct homes and find work, it becomes clear that there was a great need for sites of networking.

That networking function is exactly the role played by the private sector in the lives of returning residents. Interviews with returnees reveal a common theme of finding trips to the store, particularly “general store” types of places such as Walgreen’s or Wal-Mart, to be not only important economically, but socially, as it provided them with opportunities to reconnect with friends and extended family and to catch up on the latest news in the community. The “general stores” were especially effective in this regard because they supplied both a large variety of goods and ones that everyone needed. The variety increased the number of different people likely to patronize the store at any given time, increasing the number of possible connections that people might make on any given trip. The necessities meant that individuals were likely to make repeated trips there, increasing the probability of encountering any given person on any given trip. The combined effect was that the commercial sector was a source of sociality and networking that was important to rebuilding devastated communities.

When interviewers asked returnees about which stores were most important or most necessary to the recovery of their neighborhoods, the most common answers were grocery stores, Wal-Mart, and restaurants. Returnees’ explanations for those choices covered both the economic necessity and the effects on the community. They recognized that traveling half an hour to buy groceries was extraordinarily burdensome, but they also pointed out that when even small grocery stores reopened, it was a chance to reconnect more easily with neighbors. A number of

interviewees spoke to the simple pleasure of going to such stores or to the Walgreen's as a form of recreation. They were able to both get things they wanted and use it as an opportunity to see people and hang out. Their explanations for Wal-Mart's importance paralleled these argument: it had they things they need plus it was a center for social interaction. Several interviewees indicated that chance meetings at stores put them in touch with friends and family, or with people who were able to inform them about where they might get some good or service they had been searching for. One evacuee in Houston reported that many of the new friends he had made in that strange town were the result of chance meetings and conversations in the local Wal-Mart. The economic importance of both the reopening of these stores and their ability to facilitate these sort of connections is clearly significant. However, the way in which the rebirth of commerce was also a vehicle for human connections and community is less obvious and fits nicely with the themes of McCloskey's book. The mundane world of bourgeois commerce is not at odds with producing the sorts of solidarity and communality that comprises the non-Prudence virtues. In fact, it can be a site for such virtues, even in the most dire of circumstances. The commerce that comprises capitalism is, after all, yet another human social activity. Even if the model that economists bring to their discussion of such commerce is overly narrow in its conception of what motivates human behavior, the reality of capitalism is otherwise.

Conclusion

From their first reactions when Katrina hit to the choices they made in the weeks that followed to their role in the long run recovery, private firms and their employees have demonstrated that the capitalist order involves far more than the sort of narrow self-interest that is the bedrock assumption of many of the system's defenders and critics. Rather than being an

ethics- or virtue-free realm of contending atomistic individuals, the market order is populated with individuals with a variety of reasons for acting as they do and whose purposes encompass both satisfying their own self-interest and serving their fellow humans. As McCloskey argues, not only does capitalism encompass a broad range of bourgeois virtues, many of its features make it possible for those virtues to flower. Even in the very difficult soil of perhaps the greatest social-natural disaster in U.S. history, the bourgeois virtues were very much on display in the private sector's response to Hurricane Katrina.

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