Change Everything or Face A Global Katrina

By Naomi Klein - August 28th, 2015

For me, the road to *This Changes Everything: Capitalism vs. the Climate* begins in a very specific time and place. The time was exactly ten years ago. The place was New Orleans, in the aftermath of Hurricane Katrina. The road in question was flooded and littered with bodies.

Today I am posting, for the first time, the entire section on Hurricane Katrina from my last book, *The Shock Doctrine: The Rise of Disaster Capitalism*. Rereading the chapter 10 years after the events transpired, I am struck most by this fact: the same military equipment and contractors used against New Orleans' Black residents have since been used to militarize police across the United States, contributing to the epidemic of murders of unarmed Black men and women. That is one way in which the Disaster Capitalism Complex perpetuates itself and protects its lucrative market.

From the Introduction:

I met Jamar Perry in September 2005, at the big Red Cross shelter in Baton Rouge, Louisiana. Dinner was being doled out by grinning young Scientologists, and he was standing in line. I had just been busted for talking to evacuees without a media escort and was now doing my best to blend in, a white Canadian in a sea of African-American Southerners. I dodged into the food line behind Perry and asked him to talk to me as if we were old friends, which he kindly did.

Born and raised in New Orleans, he'd been out of the flooded city for a week. He looked about seventeen but told me he was twenty-three. He and his family had waited forever for the evacuation buses; when they didn't arrive, they had walked out in the baking sun. Finally they ended up here, a sprawling convention centre, normally home to pharmaceutical trade shows and "Capital City Carnage: The Ultimate in Steel Cage Fighting," now jammed with two thousand cots and a mess of angry, exhausted people being patrolled by edgy National Guard soldiers just back from Iraq.

The news racing around the shelter that day was that Richard Baker, a prominent Republican Congressman from this city, had told a group of lobbyists, "We finally cleaned up public housing in New Orleans. We couldn't do it, but God did." Joseph Canizaro, one of New Orleans' wealthiest developers, had just expressed a similar sentiment: "I think we have a clean sheet to start again. And with that clean sheet we have some very big opportunities." All that week the Louisiana State Legislature in Baton Rouge had been crawling with corporate lobbyists helping to lock in those big opportunities: lower taxes, fewer regulations, cheaper workers and a “smaller, safer city”—which in practice meant plans to level the public housing projects and replace them with condos. Hearing all the talk of “fresh starts” and “clean sheets,” you could almost forget the toxic stew of rubble, chemical outflows and human remains just a few miles down the highway.

Over at the shelter, Jamar could think of nothing else. “I really don’t see it as cleaning up the city. What I see is that a lot of people got killed uptown. People who shouldn’t have died.”

He was speaking quietly, but an older man in line in front of us overheard and whipped around. “What is wrong with these people in Baton Rouge? This isn’t an opportunity. It’s a goddamned tragedy. Are they blind?”

A mother with two kids chimed in. “No, they’re not blind, they’re evil. They see just fine.”

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One of those who saw opportunity in the floodwaters of New Orleans was Milton Friedman, grand guru of the movement for unfettered capitalism and the man credited with writing the rule-book for the contemporary, hyper-mobile global economy. Ninety- three years old and in failing health, “Uncle Miltie,” as he was known to his followers, nonetheless found the strength to write an op-ed for the *Wall Street Journal* three months after the levees broke. “Most New Orleans schools are in ruins,” Friedman observed, “as are the homes of the children who have attended them. The children are now scattered all over the country. This is a tragedy. It is also an opportunity to radically reform the educational system.”

Friedman’s radical idea was that instead of spending a portion of the billions of dollars in reconstruction money on rebuilding and improving New Orleans’ existing public school system, the government should provide families with vouchers, which they could spend at private institutions, many run at a profit, that would be subsidized by the state. It was crucial, Friedman wrote, that this fundamental change not be a stopgap but rather “a permanent reform.”

A network of right-wing think tanks seized on Friedman’s proposal and descended on the city after the storm. The administration of George W. Bush backed up their plans with tens of millions of dollars to convert New Orleans schools into “charter schools,” publicly funded institutions run by private entities according to their own rules. Charter schools are deeply polarizing in the United States, and nowhere more than in New Orleans, where they are seen by many African-American parents as a way of reversing the gains of the civil rights movement, which guaranteed all children the same standard of education. For Milton Friedman, however, the entire concept of a state-run school system reeked of socialism. In his view, the state’s sole functions were “to protect our freedom both from the enemies outside our gates and from our fellow-citizens: to preserve law and order, to enforce private contracts, to foster competitive markets.” In other words, to supply the police and the soldiers—anything else, including providing free education, was an unfair interference in the market.

In sharp contrast to the glacial pace with which the levees were repaired and the electricity grid was brought back online, the auctioning-off of New Orleans’ school system took place with military speed and precision. Within nineteen months, with most of the city’s poor residents still in exile, New Orleans’ public school system had been almost completely replaced by privately run charter schools. Before Hurricane Katrina, the school board had run 123 public schools; now it ran just 4. Before that storm, there had been 7 charter schools in the city; now there were 31. New Orleans teachers used to be represented by a strong union; now the union’s contract had been shredded, and its forty-seven hundred members had all been fired. Some of the younger teachers were rehired by the charters, at reduced salaries; most were not.

New Orleans was now, according to the *New York Times*, “the nation’s preeminent laboratory for the widespread use of charter schools,” while the American Enterprise Institute, a Friedmanite think tank, enthused that “Katrina accomplished in a day . . . what Louisiana school reformers couldn’t do after years of trying.” Public school teachers, meanwhile, watching money allocated for the victims of the flood being diverted to erase a public system and replace it with a private one, were calling Friedman’s plan “an educational land grab.”

I call these orchestrated raids on the public sphere in the wake of catastrophic events, combined with the treatment of disasters as exciting market opportunities, “disaster capitalism.”

Friedman’s New Orleans op-ed ended up being his last public policy recommendation; he died less than a year later, on November 16, 2006, at age ninety-four. Privatizing the school system of a mid-size American city may seem like a modest preoccupation for the man hailed as the most influential economist of the past half century, one who counted among his disciples several U.S. presidents, British prime ministers, Russian oligarchs, Polish finance ministers, Third World dictators, Chinese Communist Party secretaries, International Monetary Fund directors and the past three chiefs of the U.S. Federal Reserve. Yet his determination to exploit the crisis in New Orleans to advance a fundamentalist version of capitalism was also an oddly fitting farewell from the boundlessly energetic five-foot-two- inch professor who, in his prime, described himself as “an old-fashioned preacher delivering a Sunday sermon.”

For more than three decades, Friedman and his powerful followers had been perfecting this very strategy: waiting for a major crisis, then selling off pieces of the state to private players while citizens were still reeling from the shock, then quickly making the “reforms” permanent.

In one of his most influential essays, Friedman articulated contemporary capitalism’s core tactical nostrum, what I have come to understand as the shock doctrine. He observed that “only a crisis— actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.” Some people stockpile canned goods and water in preparation for major disasters; Friedmanites stockpile free-market ideas. And once a crisis has struck, the University of Chicago professor was convinced that it was crucial to act swiftly, to impose rapid and irreversible change before the crisis-racked society slipped back into the “tyranny of the status quo.” He estimated that “a new administration has some six to nine months in which to achieve major changes; if it does not seize the opportunity to act decisively during that period, it will not have another such opportunity.” A variation on Machiavelli’s advice that “injuries” should be inflicted “all at once,” this proved to be one of Friedman’s most lasting strategic legacies.

DISASTER APARTHEID: A WORLD OF GREEN ZONES AND RED ZONES

During the second week of September 2005, I was in New Orleans with my husband, Avi, as well as Andrew, with whom I had travelled in Iraq, shooting documentary footage in the still partially flooded city. As the nightly six o’clock curfew descended, we found ourselves driving in circles, unable to find our way. The traffic lights were out, and half the street signs had been blown over or twisted sideways by the storm. Debris and water obstructed passage along many roads, and most of the people trying to navigate the obstacles were, like us, out-of-towners with no idea where they were going.

The accident was a bad one: a T-bone at full speed in the middle of a major intersection. Our car spun out into a traffic light, went through a wrought-iron fence and parked in a porch. The injuries to the people in both cars were thankfully minor, but before I knew it I was being strapped to a stretcher and driven away. Through the haze of concussion, I was aware that wherever the ambulance was going, it wouldn’t be good. I had visions of the horrific scene at the makeshift health clinic at the New Orleans airport—there were so few doctors and nurses that elderly evacuees were being left unattended for hours, slumped in their wheelchairs. I thought about Charity Hospital, New Orleans’ primary public emergency room, which we had passed earlier in the day. It flooded during the storm, and its staff had struggled without power to keep patients alive. I pleaded with the paramedics to let me out. I remember telling them that I was fine, really, then I must have passed out.

I came to as we arrived at the most modern and calm hospital I have ever been in. Unlike the clinics crowded with evacuees, at the Ochsner Medical Center—offering “healthcare with peace of mind”—doctors, nurses and orderlies far outnumbered the patients. In fact, there seemed to be only a handful of other patients on the immaculate ward. In minutes I was settled into a spacious private room, my cuts and bruises attended to by a small army of medical staff. Three nurses immediately took me in for a neck X-ray; a genteel Southern doctor removed some glass fragments and put in a couple of stitches.

To a veteran of the Canadian public health care system, these were wholly unfamiliar experiences; I usually wait for forty minutes to see my general practitioner. And this was downtown New Orleans— ground zero of the largest public health emergency in recent U.S. history. A polite administrator came into my room and explained that “in America we pay for health care. I am so sorry, dear—it’s really terrible. We wish we had your system. Just fill out this form.”

Within a couple of hours, I would have been free to go, were it not for the curfew that had locked down the city. “The biggest problem,” a private security guard told me in the lobby where we were both biding time, “is all the junkies; they’re jonesing and want to get into the pharmacy.”

Since the pharmacy was locked tight, a medical intern was kind enough to slip me a few painkillers. I asked him what it had been like at the hospital at the peak of the storm. “I wasn’t on duty, thank God,” he said. “I live outside the city."

When I asked if he had gone to any of the shelters to help, he seemed taken aback by the question and a little embarrassed. “I hadn’t thought of that,” he said. I quickly changed the subject to what I hoped was safer ground: the fate of Charity Hospital. It was so underfunded that it was barely functioning before the storm, and people were already speculating that with the water damage it might never reopen. “They’d better reopen it,” he said. “We can’t treat those people here.”

It occurred to me that this affable young doctor, and the spa-like medical care I had just received, were the embodiment of the culture that had made the horrors of Hurricane Katrina possible, the culture that had left New Orleans’ poorest residents to drown. As a graduate of a private medical school and then an intern at a private hospital, he had been trained simply not to see New Orleans’ uninsured, overwhelmingly African-American residents as potential patients. That was true before the storm, and it continued to be true even when all of New Orleans turned into a giant emergency room: he had sympathy for the evacuees, but that didn’t change the fact that he still could not see them as potential patients of his.

When Katrina hit, the sharp divide between the worlds of Ochsner Hospital and Charity Hospital suddenly played out on the world stage. The economically secure drove out of town, checked into hotels and called their insurance companies. The

120,000 people in New Orleans without cars, who depended on the state to organize their evacuation, waited for help that did not arrive, making desperate SOS signs or rafts out of their refrigerator doors. Those images shocked the world because, even if most of us had resigned ourselves to the daily inequalities of who has access to health care and whose schools have decent equipment, there was still a widespread assumption that disasters were supposed to be different. It was taken for granted that the state—at least in a rich country—would come to the aid of the people during a cataclysmic event. The images from New Orleans showed that this general belief—that disasters are a kind of time-out for cutthroat capitalism, when we all pull together and the state switches into higher gear— had already been abandoned, and with no public debate.

There was a brief window of two or three weeks when it seemed that the drowning of New Orleans would provoke a crisis for the economic logic that had greatly exacerbated the human disaster with its relentless attacks on the public sphere. "The storm exposed the consequences of neoliberalism's lies and mystifications, in a single locale and all at once," wrote the political scientist and New Orleans native Adolph Reed Jr. The facts of this exposure are well known—from the levees that were never repaired, to the under-funded public transit system that failed, to the fact that the city's idea of disaster preparedness was passing out DVDs telling people that if a hurricane came, they should get out of town.

Then there was the Federal Emergency Management Agency (FEMA), a laboratory for the Bush administration's vision of government run by corporations. In the summer of 2004, more than a year before Katrina hit, the State of Louisiana put in a request to FEMA for funds to develop an in-depth contingency plan for a powerful hurricane. The request was refused. "Disaster mitigation"— advance government measures to make the effects of disasters less devastating—was one of the programs gutted under Bush. Yet that same summer FEMA awarded a $500,000 contract to a private firm called Innovative Emergency Management. Its task was to come up with a "catastrophic hurricane disaster plan for Southeast Louisiana and the City of New Orleans."

The private company spared no expense. It brought together more than a hundred experts, and when money ran out, it went back to FEMA for more; eventually the bill for the exercise doubled to $1 million. The company came up with scenarios for a mass evacuation covering everything from delivering water to instructing neighbouring communities to identify empty lots that could immediately be transformed into trailer parks for evacuees—all the sensible things that didn't happen when a hurricane like the one they were imagining actually hit. That's partly because, eight months after the contractor submitted its report, no action had been taken. "Money was not available to do the follow-up," explained Michael Brown, head of FEMA at the time. The story is typical of the lop-sided state that Bush built: a weak, underfunded, ineffective public sector on the one hand, and a parallel richly funded corporate infrastructure on the other. When it comes to paying contractors, the sky is the limit; when it comes to financing the basic functions of the state, the coffers are empty.

Just as the U.S. occupation authority in Iraq turned out to be an empty shell, when Katrina hit, so did the U.S. federal government at home. In fact, it was so thoroughly absent that FEMA could not seem to locate the New Orleans superdome, where twenty-three thousand people were stranded without food or water, despite the fact that the world media had been there for days.

For some free-market ideologues, this spectacle of what the *New York Times* columnist Paul Krugman termed “the can’t do government” provoked a crisis of faith. “The collapsed levees of New Orleans will have consequences for neoconservatism just as long and deep as the collapse of the Wall in East Berlin had on Soviet Communism,” wrote the repentant true believer Martin Kelly in a much-circulated essay. “Hopefully all of those who urged the ideology on, myself included, will have a long time to consider the error of our ways.” Even neo-con stalwarts like Jonah Goldberg were begging “big government” to ride to the rescue: “When a city is sinking into the sea and rioting runs rampant, government probably should saddle-up.”

No such soul-searching was in evidence at the Heritage Foundation, where the true disciples of Friedmanism can always be found. Katrina was a tragedy, but, as Milton Friedman wrote in his *Wall Street Journal* op-ed, it was “also an opportunity.” On September 13, 2005—fourteen days after the levees were breached—the Heritage Foundation hosted a meeting of like-minded ideologues and Republican lawmakers. They came up with a list of “Pro-Free-Market Ideas for Responding to Hurricane Katrina and High Gas Prices”—thirty-two policies in all, each one straight out of the Chicago School playbook, and all of them packaged as “hurricane relief.” The first three items were “automatically suspend Davis-Bacon prevailing wage laws in disaster areas,” a reference to the law that required federal contractors to pay a living wage; “make the entire affected area a flat-tax free-enterprise zone”; and “make the entire region an economic competitiveness zone (comprehensive tax incentives and waiving of regulations).” Another demand called for giving parents vouchers to use at charter schools. All these measures were announced by President Bush within the week. He was eventually forced to reinstate the labour standards, though they were largely ignored by contractors.

The meeting produced more ideas that gained presidential support. Climate scientists have directly linked the increased intensity of hurricanes to warming ocean temperatures. This connection, however, didn’t stop the working group at the Heritage Foundation from calling on Congress to repeal environmental regulations on the Gulf Coast, give permission for new oil refineries in the United States and green-light “drilling in the Arctic National Wildlife Refuge.” All these measures would increase greenhouse gas emissions, the major human contributor to climate change, yet they were immediately championed by the president under the guise of responding to the Katrina disaster.

Within weeks, the Gulf Coast became a domestic laboratory for the same kind of government-run-by-contractors that had been pioneered in Iraq. The companies that snatched up the biggest contracts were the familiar Baghdad gang: Halliburton's KBR unit had a $60 million gig to reconstruct military bases along the coast. Blackwater was hired to protect FEMA employees from looters. Parsons, infamous for its sloppy Iraq work, was brought in for a major bridge construction project in Mississippi. Fluor, Shaw, Bechtel, CH2M Hill—all top contractors in Iraq—were hired by the government to provide mobile homes to evacuees just ten days after the levees broke. Their contracts ended up totalling $3.4 billion, no open bidding required.

As many remarked at the time, within days of the storm it was as if Baghdad's Green Zone had lifted off from its perch on the Tigris and landed on the bayou. The parallels were undeniable. To spearhead its Katrina operation, Shaw hired the former head of the U.S. Army's Iraq reconstruction office. Fluor sent its senior project manager from Iraq to the flood zone. "Our rebuilding work in Iraq is slowing down and this has made some people available to respond to our work in Louisiana," a company representative explained. Joe Allbaugh, whose company New Bridge Strategies had promised to bring Wal-Mart and 7-Eleven to Iraq, was the lobbyist in the middle of many of the deals. The similarities were so striking that some of the mercenary soldiers, fresh from Baghdad, were having trouble adjusting. When David Enders, a reporter, asked an armed guard outside a New Orleans hotel if there had been much action, he replied, "Nope. It's pretty Green Zone here."

Other things were pretty Green Zone too. On contracts valued at $8.75 billion, congressional investigators found "significant overcharges, wasteful spending, or mismanagement." (The fact that exactly the same errors as those made in Iraq were instantly repeated in New Orleans should put to rest the claim that Iraq's occupation was merely a string of mishaps and mistakes marked by incompetence and lack of oversight. When the same mistakes are repeated over and over again, it's time to consider the possibility that they are not mistakes at all.)

In New Orleans, as in Iraq, no opportunity for profit was left untapped. Kenyon, a division of the mega funeral conglomerate Service Corporation International (a major Bush campaign donor), was hired to retrieve the dead from homes and streets. The work was extraordinarily slow, and bodies were left in the broiling sun for days. Emergency workers and local volunteer morticians were forbidden to step in to help because handling the bodies impinged on Kenyon's commercial territory. The company charged the state, on average, $12,500 a victim, and it has since been accused of failing to properly label many bodies. For almost a year after the flood, decayed corpses were still being discovered in attics.

Another pretty Green Zone touch: relevant experience often appeared to have nothing to do with how contracts were allocated. AshBritt, the company paid half a billion dollars to remove debris, reportedly didn't own a single dump truck and farmed out the entire job to contractors. Even more striking was the company that FEMA paid $5.2 million to perform the crucial role of building a base camp for emergency workers in St. Bernard Parish, a suburb of New Orleans. The camp construction fell behind schedule and was never completed. When the contractor was investigated, it emerged that the company, Lighthouse Disaster Relief, was actually a religious group. "About the closest thing I have done to this is just organize a youth camp with my church," confessed Lighthouse's director, Pastor Gary Heldreth.

As in Iraq, government once again played the role of a cash machine equipped for both withdrawals and deposits. Corporations withdrew funds through massive contracts, then repaid the government not with reliable work but with campaign contributions and/or loyal foot soldiers for the next elections. (According to the *New York Times*, "the top 20 service contractors have spent nearly $300 million since 2000 on lobbying and have donated $23 million to political campaigns." The Bush administration, in turn, increased the amount spent on contractors by roughly $200 billion between 2000 and 2006.)

Something else was familiar: the contractors' aversion to hiring local people who might have seen the reconstruction of New Orleans not only as a job but as part of healing and re-empowering their communities. Washington could easily have made it a condition of every Katrina contract that companies hire local people at decent wages to help them put their lives back together. Instead, the residents of the Gulf Coast, like the people of Iraq, were expected to watch as contractors created an economic boom based on easy taxpayer money and relaxed regulations.

The result, predictably, was that after all the layers of subcontractors had taken their cut, there was next to nothing left for the people doing the work. For instance, the author Mike Davis tracked the way FEMA paid Shaw $175 a square foot to install blue tarps on damaged roofs, even though the tarps themselves were provided by the government. Once all the subcontractors took their share, the workers who actually hammered in the tarps were paid as little as $2 a square foot. "Every level of the contracting food chain, in other words, is grotesquely overfed except the bottom rung," Davis wrote, "where the actual work is carried out."

According to one study, "a quarter of the workers rebuilding the city were immigrants lacking papers, almost all of them Hispanic, making far less money than legal workers." In Mississippi, a class action lawsuit forced several companies to pay hundreds of thousands of dollars in back wages to immigrant workers. Some were not paid at all. On one Halliburton/KBR job site, undocumented immigrant workers reported being wakened in the middle of the night by their employer (a sub-subcontractor), who allegedly told them that immigration agents were on their way. Most workers fled to avoid arrest; after all, they could end up in one of the new immigration prisons that Halliburton/KBR had been contracted to build for the federal government.

The attacks on the disadvantaged, carried out in the name of reconstruction and relief, did not stop there. In order to offset the tens of billions going to private companies in contracts and tax breaks, in November 2005 the Republican-controlled Congress announced that it needed to cut $40 billion from the federal budget. Among the programs that were slashed were student loans, Medicaid and food stamps. In other words, the poorest citizens in the country subsidized the contractor bonanza twice—first when Katrina relief morphed into unregulated corporate handouts, providing neither decent jobs nor functional public services, and second when the few programs that directly assist the unemployed and working poor nationwide were gutted to pay those bloated bills.

Not so long ago, disasters were periods of social levelling, rare moments when atomized communities put divisions aside and pulled together. Increasingly, however, disasters are the opposite: they provide windows into a cruel and ruthlessly divided future in which money and race buy survival.

Baghdad's Green Zone's is the starkest expression of this world order. It has its own electrical grid, its own phone and sewage systems, its own oil supply and its own state-of-the-art hospital with pristine operating theatres—all protected by five-metre-thick walls. It feels, oddly, like a giant fortified Carnival Cruise Ship parked in the middle of a sea of violence and despair, the boiling Red Zone that is Iraq. If you can get on board, there are poolside drinks, bad Hollywood movies and Nautilus machines. If you are not among the chosen, you can get yourself shot just by standing too close to the wall.

Everywhere in Iraq, the wildly divergent value assigned to different categories of people is crudely evident. Westerners and their Iraqi colleagues have checkpoints at the entrance to their streets, blast walls in front of their houses, body armour and private security guards on call at all hours. They travel the country in menacing armoured convoys, with mercenaries pointing guns out the windows as they follow their prime directive to "protect the principal." With every move they broadcast the same unapologetic message: we are the chosen; our lives are infinitely more precious. Middle-class Iraqis, meanwhile, cling to the next rung down the ladder: they can afford to buy protection from local militias, and they are able to pay off kidnappers to have a family member released. But the vast majority of Iraqis have no protection at all. They walk the streets wide open to any possible violence, with nothing between them and the next car bomb but a thin layer of fabric. In Iraq, the lucky get Kevlar, the rest get prayer beads.

At first I thought the Green Zone phenomenon was unique to the war in Iraq. Now, after years spent in other disaster zones, I realize that the Green Zone emerges everywhere that the disaster capitalism complex descends, with the same stark partitions between the included and the excluded, the protected and the damned.

It happened in New Orleans. After the flood, an already divided city turned into a battleground between gated green zones and raging red zones—the result not of water damage but of the "free-market solutions" embraced by the president. The Bush administration refused to allow emergency funds to pay public sector salaries, and the City of New Orleans, which lost its tax base, had to fire three thousand workers in the months after Katrina. Among them were sixteen of the city's planning staff—laid off at the precise moment when New Orleans was in desperate need of planners. Instead, millions of public dollars went to outside consultants, many of whom were powerful real estate developers. And of course thousands of teachers were also fired, paving the way for the conversion of dozens of public schools into charter schools, just as Friedman had called for.

Almost two years after the storm, Charity Hospital was still closed. The court system was barely functioning, and the privatized electricity company, Entergy, had failed to get the whole city back online. After threatening to raise rates dramatically, the company managed to extract a controversial $200 million bailout from the federal government. The public transit system was gutted and lost almost half its workers. The vast majority of publicly owned housing projects stood boarded up and empty, with five thousand units slotted for demolition by the federal housing authority. Much as the tourism lobby in Asia had longed to be rid of the beachfront fishing villages, New Orleans' powerful tourism lobby had been eyeing the housing projects, several of them on prime land close to the French Quarter, the city's tourism magnet.

Endesha Juakali helped set up a protest camp outside one of the boarded-up projects, St. Bernard Public Housing, explaining that "they've had an agenda for St. Bernard a long time, but as long as people lived here, they couldn't do it. So they used the disaster as a way of cleansing the neighbourhood when the neighbourhood is weakest. . . . This is a great location for bigger houses and condos. The only problem is you got all these poor black people sitting on it!"

Amid the schools, the homes, the hospitals, the transit system and the lack of clean water in many parts of town, New Orleans' public sphere was not being rebuilt, it was being erased, with the storm used as the excuse. At an earlier stage of capitalist "creative destruction," large swaths of the United States lost their manufacturing bases and degenerated into rust belts of shuttered factories and neglected neighbourhoods. Post-Katrina New Orleans may be providing the first Western-world image of a new kind of wasted urban landscape: the mould belt, destroyed by the deadly combination of weathered public infrastructure and extreme weather.

The American Society of Civil Engineers said in 2007 that the U.S. had fallen so far behind in maintaining its public infrastructure—roads, bridges, schools, dams—that it would take more than a trillion and half dollars over five years to bring it back up to standard. Instead, these types of expenditures are being cut back. At the same time, public infrastructure around the world is facing unprecedented stress, with hurricanes, cyclones, floods and forest fires all increasing in frequency and intensity. It's easy to imagine a future in which growing numbers of cities have their frail and long-neglected infrastructures knocked out by disasters and then are left to rot, their core services never repaired or rehabilitated. The well-off, meanwhile, will withdraw into gated communities, their needs met by privatized providers.

Signs of that future were already in evidence by the time hurricane season rolled around in 2006. In just one year, the disaster-response industry had exploded, with a slew of new corporations entering the market, promising safety and security should the next Big One hit. One of the more ambitious ventures was launched by an airline in West Palm Beach, Florida. Help Jet bills itself as "the first hurricane escape plan that turns a hurricane evacuation into a jet-setter vacation." When a storm is coming, the airline books holidays for its members at five-star golf resorts, spas or Disneyland. With the reservations all made, the evacuees are then whisked out of the hurricane zone on a luxury jet. "No standing in lines, no hassle with crowds, just a first class experience that turns a problem into a vacation. . . . Enjoy the feeling of avoiding the usual hurricane evacuation nightmare."

For the people left behind, there is a different kind of privatized solution. In 2006, the Red Cross signed a new disaster-response partnership with Wal-Mart. "It's all going to be private enterprise before it's over," said Billy Wagner, chief of emergency management for the Florida Keys. "They've got the expertise. They've got the resources." He was speaking at the National Hurricane Conference in Orlando, Florida, a fast-growing annual trade show for the companies selling everything that might come in handy during the next disaster. "Some folks here said, 'Man, this is huge business—this is my new business. I'm not in the landscaping business anymore; I'm going to be a hurricane debris contractor,'" said Dave Blandford, an exhibitor at the conference, showing off his "self-heating meals."

Much of the parallel disaster economy has been built with taxpayers' money, thanks to the boom in privatized war-zone reconstruction. The giant contractors that have served as "the primes" in Iraq and Afghanistan have come under frequent political fire for spending large portions of their income from government contracts on their own corporate overhead—between 20 and 55 percent, according to a 2006 audit of Iraq contractors. Much of those funds have, quite legally, gone into huge investments in corporate infrastructure— Bechtel's battalions of earth-moving equipment, Halliburton's planes and fleets of trucks, and the surveillance architecture built by L-3, CACI and Booz Allen.

Most dramatic has been Blackwater's investment in its paramilitary infrastructure. Founded in 1996, the company has used the steady stream of contracts during the Bush years to build up a private army of twenty thousand mercenary soldiers on call and a massive military base in North Carolina worth between $40 and $50 million. According to one account, Blackwater's capacity now includes the following: "A burgeoning logistics operation that can deliver 100- or 200-ton self-contained humanitarian relief response packages faster than the Red Cross. A Florida aviation division with 26 different platforms, from helicopter gunships to a massive Boeing 767. The company even has a Zeppelin. The country's largest tactical driving track. . . . A 20-acre manmade lake with shipping containers that have been mocked up with ship rails and portholes, floating on pontoons, used to teach how to board a hostile ship. A K-9 training facility that currently has 80 dog teams deployed around the world. . . . A 1,200-yard-long firing range for sniper training."

The emergence of this parallel privatized infrastructure reaches far beyond policing. When the contractor infrastructure built up during the Bush years is looked at as a whole, what is seen is a fully articulated state-within-a-state that is as muscular and capable as the actual state is frail and feeble. This corporate shadow state has been built almost exclusively with public resources (90 percent of Blackwater's revenues come from state contracts), including the training of its staff (overwhelmingly former civil servants, politicians and soldiers). Yet the vast infrastructure is all privately owned and controlled. The citizens who have funded it have absolutely no claim to this parallel economy or its resources.

The actual state, meanwhile, has lost the ability to perform its core functions without the help of contractors. Its own equipment is out of date, and the best experts have fled to the private sector. When Katrina hit, FEMA had to hire a contractor to award contracts to contractors. Similarly, when it came time to update the Army Manual on the rules for dealing with contractors, the army contracted out the job to one of its major contractors, MPRI—it no longer had the know-how in-house. The CIA is losing so many staffers to the parallel privatized spy sector that it has had to bar contractors from recruiting in the agency dining room. "One recently retired case officer said he had been approached twice while in line for coffee," reported *The Los Angeles Times*. And when the Department of Homeland Security decided it needed to build "virtual fences" on the U.S. borders with Mexico and Canada, Michael P. Jackson, deputy secretary of the department, told contractors, "This is an unusual invitation. . . . We're asking you to come back and tell us how to do our business." The department's inspector general explained that Homeland Security "does not have the capacity needed to effectively plan, oversee and execute the [Secure Border Initiative] program."

Under Bush, the state still has all the trappings of a government—the impressive buildings, presidential press briefings, policy battles—but it no more does the actual work of governing than the employees at Nike's Beaverton campus stitch running shoes.

The implications of the decision by the current crop of politicians to systematically outsource their elected responsibilities will reach far beyond a single administration. Once a market has been created, it needs to be protected. The companies at the heart of the disaster capitalism complex increasingly regard both the state and non-profits as competitors—from the corporate perspective, whenever governments or charities fulfill their traditional roles, they are denying contractors work that could be performed at a profit.

"Neglected Defense: Mobilizing the Private Sector to Support Homeland Security," a 2006 report whose advisory committee included some of the largest corporations in the sector, warned that "the compassionate federal impulse to provide emergency assistance to the victims of disasters affects the market's approach to managing its exposure to risk." Published by the Council on Foreign Relations, the report argued that if people know the government will come to the rescue, they have no incentive to pay for privatized protection. In a similar vein, a year after Katrina, CEOs from thirty of the largest corporations in the United States joined together under the umbrella of the Business Roundtable, which includes in its membership Fluor, Bechtel and Chevron. The group, calling itself Partnership for Disaster Response, complained of "mission creep" by the non-profit sector in the aftermath of disasters. Apparently charities and NGOs were infringing on their market by donating building supplies rather than having Home Depot supply them for a fee. The mercenary firms, meanwhile, have been loudly claiming that they are better equipped to engage in peace-keeping in Darfur than the UN.

Much of this new aggressiveness flows from the fact that the corporate world knows that the golden era of bottomless federal contracts cannot last much longer. The U.S. government is barrelling toward an economic crisis, in no small part thanks to the deficit spending that has bankrolled the construction of the privatized disaster economy. That means that sooner rather than later, the contracts are going to dip significantly. In late 2006, defence analysts began predicting that the Pentagon's acquisitions budget could shrink by as much as 25 percent in the coming decade.

When the disaster bubble bursts, firms such as Bechtel, Fluor and Blackwater will lose much of their primary revenue streams. They will still have all the high-tech gear and equipment bought at taxpayer expense, but they will need to find a new business model, a new way to cover their high costs. The next phase of the disaster capitalism complex is all too clear: with emergencies on the rise, government no longer able to foot the bill, and citizens stranded by their can't-do state, the parallel corporate state will rent back its disaster infrastructure to whoever can afford it, at whatever price the market will bear. For sale will be everything from helicopter rides off rooftops to drinking water to beds in shelters.

Already wealth provides an escape hatch from most disasters—it buys early-warning systems for tsunami-prone regions and stockpiles of Tamiflu for the next outbreak. It buys bottled water, generators, satellite phones and rent-a-cops. During the Israeli attack on Lebanon in 2006, the U.S. government initially tried to charge its citizens for the cost of their own evacuations, though it was eventually forced to back down. If we continue in this direction, the images of people stranded on New Orleans rooftops will not only be a glimpse of America's unresolved past of racial inequality but will also foreshadow a collective future of disaster apartheid in which survival is determined by who can afford to pay for escape.

Looking ahead to coming disasters, ecological and political, we often assume that we are all going to face them together, that what's needed are leaders who recognize the destructive course we are on. But I'm not so sure. Perhaps part of the reason why so many of our elites, both political and corporate, are so sanguine about climate change is that they are confident they will be able to buy their way out of the worst of it. This may also partially explain why so many Bush supporters are Christian end-timers. It's not just that they need to believe there is an escape hatch from the world they are creating. It's that the Rapture is a parable for what they are building down here—a system that invites destruction and disaster, then swoops in with private helicopters and airlifts them and their friends to divine safety.

As contractors rush to develop alternative stable sources of revenue, one avenue is disaster-proofing other corporations. This was Paul Bremer's line of business before he went to Iraq: turning multinationals into security bubbles, able to function smoothly even if the states in which they are functioning are crumbling around them. The early results can be seen in the lobbies of many major office buildings in New York or London—airport-style check-ins complete with photo-ID requirements and X-ray machines—but the industry has far greater ambitions, including privatized global communications networks, emergency health and electricity, and the ability to locate and provide transportation for a global workforce in the midst of a major disaster. Another potential growth area identified by the disaster capitalism complex is municipal government: the contracting-out of police and fire departments to private security companies. "What they do for the military in downtown Falluja, they can do for the police in downtown Reno," a spokesperson for Lockheed Martin said in November 2004.

The industry predicts that these new markets will expand dramatically over the next decade. A frank vision of where these trends are leading is provided by John Robb, a former covert-action mission commander with Delta Force turned successful management consultant. In a widely circulated manifesto for *Fast Company* magazine, he describes the "end result" of the war on terror as "a new, more resilient approach to national security, one built not around the state but around private citizens and companies. . . . Security will become a function of where you live and whom you work for, much as health care is allocated already."

Robb writes, "Wealthy individuals and multinational corporations will be the first to bail out of our collective system, opting instead to hire private military companies, such as Blackwater and Triple Canopy, to protect their homes and facilities and establish a protective perimeter around daily life. Parallel transportation networks—evolving out of the time-share aircraft companies such as Warren Buffett's NetJets—will cater to this group, leapfrogging its members from one secure, well-appointed lily pad to the next." That elite world is already largely in place, but Robb predicts that the middle class will soon follow suit, "forming suburban collectives to share the costs of security." These "'armored suburbs' will deploy and maintain backup generators and communications links" and be patrolled by private militias "that have received corporate training and boast their own state-of-the-art emergency-response systems."

In other words, a world of suburban Green Zones. As for those outside the secured perimeter, "they will have to make do with the remains of the national system. They will gravitate to America's cities, where they will be subject to ubiquitous surveillance and marginal or nonexistent services. For the poor, there will be no other refuge."

The future Robb described sounds very much like the present in New Orleans, where two very different kinds of gated communities emerged from the rubble. On the one hand were the so-called FEMA-villes: desolate, out-of-the-way trailer camps for low-income evacuees, built by Bechtel or Fluor subcontractors, administered by private security companies who patrolled the gravel lots, restricted visitors, kept journalists out and treated survivors like criminals. On the other hand were the gated communities built in the wealthy areas of the city, such as Audubon and the Garden District, bubbles of functionality that seemed to have seceded from the state altogether. Within weeks of the storm, residents there had water and powerful emergency generators. Their sick were treated in private hospitals, and their children went to new charter schools. As usual, they had no need for public transit. In St. Bernard Parish, a New Orleans suburb, DynCorp had taken over much of the policing; other neighbourhoods hired security companies directly. Between the two kinds of privatized sovereign states was the New Orleans version of the Red Zone, where the murder rate soared and neighbourhoods like the storied Lower Ninth Ward descended into a post-apocalyptic no-man's land. A hit song by the rapper Juvenile in the summer after Katrina summed up the atmosphere: "We livin' like Haiti without no government"—failed state U.S.A.

Bill Quigley, a local lawyer and activist, observed, "What is happening in New Orleans is just a more concentrated, more graphic version of what is going on all over our country. Every city in our country has some serious similarities to New Orleans. Every city has some abandoned neighborhoods. Every city in our country has abandoned some public education, public housing, public healthcare, and criminal justice. Those who do not support public education, healthcare, and housing will continue to turn all of our country into the Lower Ninth Ward unless we stop them."

The process is already well under way. Another glimpse of a disaster apartheid future can be found in a wealthy Republican suburb outside Atlanta. Its residents decided that they were tired of watching their property taxes subsidize schools and police in the county's low-income African-American neighbourhoods. They voted to incorporate as their own city, Sandy Springs, which could spend its taxes on services for its 100,000 citizens and not have the revenues redistributed throughout the larger Fulton County. The only difficulty was that Sandy Springs had no government structures and needed to build them from scratch—everything from tax collection, to zoning, to parks and recreation. In September 2005, the same month that New Orleans flooded, the residents of Sandy Springs were approached by the construction and consulting giant CH2M Hill with a unique pitch: let us do it for you. For the starting price of $27 million a year, the contractor pledged to build a complete city from the ground up.

A few months later, Sandy Springs became the first "contract city." Only four people worked directly for the new municipality— everyone else was a contractor. Rick Hirsekorn, heading up the project for CH2M Hill, described Sandy Springs as "a clean sheet of paper with no governmental processes in place." He told another journalist that "no one in our industry has done a complete city of this size before."

The Atlanta Journal-Constitution reported that "when Sandy Springs hired corporate workers to run the new city, it was considered a bold experiment." Within a year, however, contract-city mania was tearing through Atlanta's wealthy suburbs, and it had become "standard procedure in north Fulton [County]." Neighbouring communities took their cue from Sandy Springs and also voted to become stand-alone cities and contract out their government. One new city, Milton, immediately hired CH2M Hill for the job—after all, it had the experience. Soon, a campaign began for the new corporate cities to join together to form their own county, which would mean that none of their tax dollars would go to the poor neighbourhoods nearby. The plan has encountered fierce opposition outside the proposed enclave, where politicians say that without those tax dollars, they will no longer be able to afford their large public hospital and public transit system; that partitioning the county would create a failed state on the one hand and a hyperserviced one on the other. What they were describing sounded a lot like New Orleans and a little like Baghdad.

In these wealthy Atlanta suburbs, the three-decade corporatist crusade to strip-mine the state was complete: it wasn't just every government service that had been outsourced but also the very function of government, which is to govern. It was particularly fitting that the new ground was broken by CH2M Hill. The corporation was a multi-million-dollar contractor in Iraq, paid to perform the core government function of overseeing other contractors. In Sri Lanka after the tsunami, it had not only built ports and bridges but was “responsible for the overall management of the infrastructure program.” In post-Katrina New Orleans, it was awarded $500 million to build FEMA-villes and put on standby to be ready to do the same for the next disaster. A master of privatizing the state during extraordinary circumstances, it was now doing the same under ordinary ones. If Iraq was a laboratory of extreme privatization, the testing phase was clearly over.

Extracted from* The Shock Doctrine: The Rise of Disaster Capitalism*, published in 2007.